

## **GENERAL ANNOUNCEMENTS**

- 1. Regional Trainings.** Don't miss this opportunity to become more familiar with our product offerings and learn how our mortgage options could assist buyers in communities you serve. Our Business Development team will be traveling to a location near you to share details about our program requirements and guidelines. All housing professionals are welcome to attend. Mark your calendars and register for a session in your area:

[Plymouth Meeting: Tuesday, Oct. 8<sup>th</sup>](#)

[Williamsport: Wednesday, Oct. 9<sup>th</sup>](#)

[Harrisburg: Tuesday, Oct. 15<sup>th</sup>](#)

[Monroeville: Tuesday, Oct. 22<sup>nd</sup>](#)

- 2. PITI Calculation.** When calculating the borrower's PITI, lenders are required to include all tax payments, including school, local, and county taxes. The total tax figure should be listed in the AUS findings at the time of the Pre-Closing and Purchase submissions.

Changes to the estimated and actual taxes and/or insurance that affect DTI by more than 2% for FHA and 3% for conventional loans are not within the allowable tolerance and must be resubmitted through the automated underwriting system (or re-calculated manually if applicable), with the borrower still qualifying at the higher amount(s). As a reminder, the DTI may not exceed 50% for conventional loans and may not exceed 45% for government loans, with an AUS approval.

## **LOAN ORIGINATIONS & UNDERWRITING**

- 1. Counseling Requirements.** There seems to be some confusion regarding the counseling requirement on PHFA home loans. For clarification, regardless of loan program, all borrowers with a middle credit score below 680 must complete an in-person counseling with a PHFA approved Counseling Agency **prior** to closing.

On HFA Preferred<sup>TM</sup> loans, where borrowers have a middle credit score of 680 or higher, a homebuyer education workshop or counseling session must still be completed prior to closing; however, only one borrower needs to complete the counseling. Telephonic and online courses are also acceptable for borrowers with a FICO of 680 or higher; acceptable online courses are those provided by an approved mortgage insurance company, Framework<sup>®</sup> or PHFA.

Regardless of the FICO, borrowers obtaining a Keystone Advantage Assistance Loan paired with any PHFA first mortgage loan must complete homebuyer education. If borrowers have a middle credit score of 680 or higher, the homebuyer education workshop or counseling session may be completed by only one borrower. Telephonic and online courses are also acceptable for borrowers with a FICO of 680 or higher; acceptable online courses are those provided by an approved mortgage insurance company, Framework<sup>®</sup> or PHFA.

All borrowers applying under the HOMEstead program are required to complete an in-person homebuyer education program at a PHFA/HUD approved agency regardless of their credit score.

- 2. Form 51: Pre-Closing Package Checklist.** As a reminder, [Form 51](#) must be used as the first page of your Pre-Closing submissions for home loan purchase transactions. This checklist provides detail documentation and forms needed to appropriately compile submissions as it relates to the PHFA loan product. Requested documentation listed on the checklist must be submitted in the listed stacking order. When items are omitted or out of order, it slows down the approval process.

For refinance transactions, [Form 51R](#) must be used and the same process should be followed.

## CLOSING & POST CLOSING

- 1. Loan Setup.** Lenders should complete the loan setup at least 1 business day prior to submitting the purchase package and within 7 calendar days of the loan closing. PHFA's new servicing system requires a full business day for the loan to be processed to the system. If the loan setup is not completed in the proper time-frame, it will delay the purchasing of the loan.
- 2. Tax Certification.** For all loans, lenders are reminded to submit a complete Tax Certification or utilize [PHFA Form 27](#) as a tax certification form when submitting the purchase package. The tax certification must be fully completed with all taxing authorities, tax amounts, and discount dates. Loans with missing or incomplete tax information will be ineligible for purchase.
- 3. Pipeline Loans Detail.** If the Pipeline Loans Detail is submitted with the purchase package to clear Pre-Closing conditions, make sure the 'Underwriting Package Approved Date' and 'Closing Date' are listed on the document. This will ensure the loan file has been approved by PHFA and the purchase conditions were generated in the system. Lenders may also utilize the 'Pre-Closing Package Review Results' report to submit Pre-Closing conditions with their purchase submissions. This report is highly preferred and accurate at all times.
- 4. Title Insurance Policies.** PHFA will accept the Instant Short Form Residential Loan Policy or the Long Form Title Policy with the appropriate endorsements. Title Commitments or the Pro Forma version of the policy are not acceptable and should not be submitted in the purchase package. Please refer to Chapter 12 for complete information regarding Title Insurance Policies.
- 5. HOMEstead Loans.** As a reminder, PHFA Subordinate Mortgage Note [Form 54a](#) and Subordinate Mortgage Instrument [Form 55](#) are required to be executed in the amount of the actual assistance, rounded up to the nearest dollar.
- 6. Life-of-Loan (LOL) Flood Determination.** A copy of the Transfer of Servicing form that was sent to the issuing company must be included in the purchase package. The transfer should list the insured as Pennsylvania Housing Finance Agency, its Successors and Assigns, P.O. Box 15057, Harrisburg, PA 17105-5057. The PHFA loan number should be listed as the loan identifier.

Please [contact us](#) with any questions.