

QUICK LINKS TO UPDATED FORMS

[COVID QUESTIONS & ANSWERS](#); [APPENDIX E- VIRPACK INSTRUCTIONS](#)

GENERAL ANNOUNCEMENTS

- 1. Homeownership Programs Operations.** Staff continues to work remotely with limited or no in-office presence. However, we continue to maintain full business operations mode as we serve our lending partners and other housing professionals. Please continue to send inquiries and questions to the appropriate email address. Please see the [COVID-19 Questions and Answers](#) for additional contact information.
- 2. HFA Preferred™ Refinance Loans.** On August 12, 2020, Fannie Mae announced an adverse market refinance fee in Lender Letter ([LL-2020-12](#)), applying to most refinance loans pooled on or after September 1, 2020. PHFA is passing on this 50 basis point loan level pricing adjustment to lenders for all HFA Preferred™ Refinance loans locked on or after August 13, 2020. PHFA updated its rate sheet released on August 13th to reflect this fee. PHFA will absorb the cost of the fee for all HFA Preferred™ Refinance loans locked prior to August 13, 2020. However, lenders are encouraged to submit refinance purchase submissions before August 28th.
- 3. Lock Cancellations.** Lenders are required to closely monitor their PHFA pipeline via the Pipeline Plus system. If it is determined that the borrower is no longer obtaining PHFA financing, locks must be canceled immediately. Although our system automatically cancels locks after expiration, it is necessary for lenders to update lock information via the Pipeline Plus system in real time to permit PHFA to efficiently manage and hedge its pipeline of active locks.
- 4. VirPack Submissions.** Lenders must continue to submit outstanding loan conditions using VirPack following the guidance in [Appendix E-VirPack Instructions](#). Loan documents requested to clear file conditions should not be emailed to PHFA staff members. The use of VirPack for file submission facilitates the reassignment of files to other team members in the absence of a contact.
- 5. PennVest Lenders needed.** The [PennVest Homeowner Septic Loan Program](#) provides assistance to repair or replace individual on-lot systems or to assist homeowners with connecting to public sewer systems. Are you interested in becoming a PHFA PennVest lender? If so, please contact Roberta Schwalm, our Special Initiative Manager, at rschwalm@phfa.org for more details regarding lender participation requirements and program eligibility.

LOAN ORIGINATIONS & UNDERWRITING

- PHIF Mortgage Insurance Coverage.** As a reminder, the Pennsylvania Housing Insurance Fund (PHIF) must be utilized for Keystone Home Loan Conventional loans exceeding 80% loan-to-value. MI coverage from industry mortgage insurance companies is not acceptable. KHL Conventional loans submitted with coverage from insurers other than PHIF will be ineligible until a cancellation notice of the issued MI coverage clears the PreClosing condition.
- Rounding.** Loan amounts must be rounded down when the loan amount is not a whole dollar figure. For example, \$202,719.75 must be rounded down to \$202,719. When PreClosing submissions are reviewed this method is applied and loans are required to close with the approved rounded-down figure. Rounding up the loan amount may result in a higher MI premium and increase the monthly payment by a significant amount that may cause the loan to be ineligible. See [Appendix G](#) for additional PHIF procedures.
- Remote Homebuyer Education continues.** Borrowers with FICO scores below 680 may continue to utilize [PHFA's online homebuyer course](#) in lieu of face-to-face counseling. Remote counseling from one of PHFA's approved counseling agencies is also permitted for these borrowers until further notice.
- Tax transcripts.** For clarification, two years of transcripts are still required for every loan transaction once available from the IRS (3 years of transcripts for MCCs). PHFA will continue to temporarily fund eligible mortgages without two years of tax transcripts as long as the file contains the two most recent years of completed tax returns signed by the borrower. The requirement to submit tax transcripts will not be waived and must be completed when transcripts become available.
- Information Returns for Forgivable Loans.** Borrowers may have questions about the tax implications of forgivable loan programs offered by PHFA, including HOMEstead loans and the new KFIT program (coming soon). Lenders should advise borrowers to seek the counsel of a tax professional or attorney, as many variables may impact the taxability of a forgiven loan. Any loan forgiveness of \$600 or more must be reported to the IRS. Borrowers may expect to receive an information return from PHFA each year in which at least \$600 of principal is forgiven.

CLOSING & POST CLOSING

- Ineligible Purchase Submissions.** Effective September 1, 2020, ineligible purchase loans that are not cleared within 180 days of the lock expiration date will be reassigned back to the originating lender. Lenders are encouraged to submit eligible purchase submissions to avoid late fees and possible reassignments.
- FHA Mortgage Insurance Premium (MIP).** As a reminder, for FHA loans, lenders are to remit **only** the upfront premium to FHA. Please do not send monthly premiums to FHA. PHFA will handle the monthly premiums and send them directly to FHA.

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