QUARTERLY PROGRAMS UPDATE

SEPTEMBER 1 , 2026

GENERAL INFORMATION

1. PHFA's Online Homebuyer Education Course: What's New & What Lenders Need to Know? Join PHFA's Homeownership and Counseling Division on Thursday, September 17th at 10 AM for an interactive look at our newly revamped Online Homebuyers Education Course, featuring enhanced content and a more intuitive experience for homebuyers. We'll highlight what's new and exciting, and hear directly from our lending partners who have used the new platform since its July launch. Bring your feedback and join the conversation! Please register in advance – we look forward to seeing you there!

2. **Relock vs Lock Reactivation.** To clarify, a relock of a loan reservation is only required for loans that have not closed and need a new lock due to a previously canceled or expired lock. If a loan has been approved by PreClosing, has closed and the lock has expired, a relock is not required; in this case lock reactivation is necessary. The lender must contact secondary@phfa.org to have the lock reactivated so the loan set up can be completed. Please note: The loan will remain active through the end of the day. The loan set up must be completed immediately, otherwise, the lock will be canceled again and Secondary will need to be contacted to reactivate the lock. Loan set up must be completed within seven calendar days of closing. Lenders should monitor lock expiration dates and complete loan set up within the required timeframe to avoid delays. Review Chapter 2 of the Seller's Guide for details regarding our lock policy.

3. **Pipeline Administrators Responsibilities.** It is the responsibility of the organization's Pipeline Administrator(s) to manage user access to the Pipeline Plus system. This includes creating user credentials and granting appropriate staff access to reports and notices available through the system's menu options. Please note that PHFA does not create credentials or grant access to individual account users. These functions are managed by the organization's Pipeline Administrator(s). Pipeline Administrators are also responsible for maintaining user accounts and ensuring that credentials for individuals who are no longer with the organization are removed from the system. Keeping user information current helps prevent undeliverable email notifications when system notices are issued.

4. **Subordinate Mortgages for PHFA's DPA Programs.** The Lender's page has been updated to make it easier to locate the appropriate forms for each downpayment and closing cost program. Forms for our subordinate programs are now organized under dedicated headers for Keystone Advantage Assistance Loan (KAAL); Keystone Due At Time of Expiration (K-DATE) and Keystone Forgivable in Ten (K-FIT). All applicable forms for each subordinate program are located under the corresponding header. Lenders should ensure the appropriate forms are used for each program. Using an incorrect form will result in processing delays and impact the loan's eligibility for purchase. Please review the forms available on the PHFA's website and use the current forms applicable to the specific program to help minimize errors and ensure loans are processed efficiently.

LOAN ORIGINATION & UNDERWRITING

1. **PreReview Missing Documents.** As a reminder, lenders must access the Pipeline Plus system to view the PreReview Missing Documents notice for new PreClosing submissions. This new report will identify any missing pertinent documents required to mark the PreClosing file

received. The submission will remain unreceived until all required documents have been provided. Reviewing this notice promptly and providing any outstanding documents will help ensure your submission moves into the PreClosing review queue as quickly as possible.

CLOSING & POST CLOSING

1. **Property Addresses.** The legal property address must be reflected on all loan documents and remain consistent throughout the entire file. Any discrepancies will cause delays and require document corrections. Addresses must be reviewed for accuracy prior to submitting documents for review.

2. **Discount Points**: There has been an increase in the volume of loans where borrowers are being charged discount points on the final Closing Disclosure. The Keystone Home Loan (KHL) and K-Flex programs offer a single interest rate option; therefore, discount points may not be charged to the borrower. This applies to KHL, K-DATE, Keystone Advantage Assistance Loan and K-Flex loan programs. Lenders must ensure that all fees are accurately identified and disclosed on the Closing Disclosure. If extension fees are applicable and passed through to the borrower, they must be disclosed as extension fees and not as discount points.

3. **Loan Set Up Review Results.** The Loan Set Up Review Results notice provides the results of the loan set up review when required items are omitted for submissions. The report is posted in the reports and notice section of the Pipeline Plus and must be reviewed by the lender. It identifies any missing documentation or items that must be addressed to complete the loan set up process. All identified items must be cleared before the Purchase Package submission can be submitted for review. Reviewing the notice promptly and addressing any outstanding items will help keep the process moving forward.

4. **Servicing Released Review.** The Servicing Released process consists of two separate reviews: the Loan Setup Review, completed seven days after loan closing, and the Servicing Release Review, which is submitted with the Purchase Submission after the Loan Setup process has been completed. Please do not resubmit the documents required for the Loan Setup Review with the Servicing Released Review. Please refer to PHFA Form 58, page 4 that outlines the documents required for each review. These are separate reviews with distinct documentation requirements.

5. **Homestead Exemption.** The Homestead Exemption must be approved in the borrower's name for the discount to be utilized to reduce the borrower's tax obligation. If the borrower applies for the Homestead Exemption after closing and is approved, they can reach out to our Loan Servicing Department, and their escrow account will be adjusted accordingly. Please note that reduced tax figures based on the Homestead Exemption may not be used until the exemption has been approved.

6. **Property Tax Escrow**. Lenders are reminded that property taxes should be appropriately accounted for at closing. Credits should not be issued in lieu of collecting the required tax funds from the borrower. The appropriate amount should be collected at closing so the PHFA has sufficient funds available to pay the tax bill when it becomes due. If the current tax bill has not yet been issued, lenders should use the most recent available tax information to determine the appropriate amount. If needed, lenders may also contact the applicable tax office to confirm the current or anticipated tax amount. This will help ensure that the necessary funds are available for PHFA to satisfy the tax obligation when the bill is received.

7. **Homeowners Insurance Requirement.** Lenders must ensure that PHFA is listed as the first mortgagee AND payer on the homeowner's insurance policy. This designation allows PHFA, as the mortgage holder and servicer, to communicate directly with the insurance carrier, receive important policy notifications, verify continued coverage and address any insurance related matters that may impact the mortgage. Please ensure PHFA is properly identified in both capacities before submitting the insurance documentation to help prevent review delays and ensure the loan remains properly insured. Form 53 – Home Loan Closing Instructions has been updated to reflect the requirement for PHFA to be listed as the first mortgagee and payer on the HOI policy. The first mortgagee requirement remains unchanged; the update on the form includes adding PHFA as a payer.

8. **Guaranteed Rural Housing Form 3555-18E.** Proof that servicing has been transferred as required by Guaranteed Rural Housing Form 3555-18E, is frequently missing from the loan file. Please ensure this documentation is included in the Servicing Released submission. This documentation is necessary to verify that the servicing transfer has been completed for Rural Development loans.

9. **1-4 Family Rider.** When closing two-unit or duplex properties, ensure the 1-4 Family Rider is included with the mortgage and recorded with the mortgage instrument. This rider is required across all loan types.

10. **Corrective Mortgages.** As a reminder, the following format must be used when a corrective mortgage is necessary to correct an error in the original mortgage. Failure to follow these requirements may result in additional conditions or a possible repurchase:
    i. The document must be clearly labeled "Corrective Mortgage".
    ii. Include the initial recording information and clearly state the reason for the correction/change.
    iii. Include a borrower's acknowledgement of the correction/change, as applicable.

11. **PHFA Subordinate Mortgage.** Lenders are reminded to ensure that the notary section of all subordinate mortgages are fully completed with the borrower(s) names. If using the subordinate mortgage forms from our website, the borrower names must be manually entered, as they do not automatically populate in the designated fields. Please verify that this section is completed accurately prior to submission.

12. **Notary Information.** Lenders are responsible for ensuring that all mortgages are properly signed, dated and fully completed, including the notary section. The notary section must be completed entirely, including all required borrowers and notarial information. Missing or incomplete notary information may raise questions regarding the validity and proper execution of the document and may result in additional conditions. PHFA must receive fully executed and properly notarized mortgage documents. Incomplete or improperly notarized mortgage documents may affect the acceptance of the documents provided.

UPDATED FORMS

- Home Loan Closing Instructions, Form 53

Please contact us with any questions.