

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) Reference **Appendix T** for additional guidelines
 - (b) 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.
 - (c) 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:
 - a. Recapture Tax Form (PHFA Form 4)
 - b. Re-affirmation of Mortgagor’s Affidavit (PHFA Form 3, page 5)
 - c. 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

PENNSYLVANIA HOUSING FINANCE AGENCY
211 North Front Street
P.O. Box 15057
Harrisburg, PA 17105-5057
Fax (717) 780-3899
1-800-346-3597

AUTOMATIC WITHDRAWAL

Instructions/Information

A NOTE TO THE BORROWER(S): PLEASE KEEP THIS INSTRUCTION/INFORMATION SHEET TO REFERENCE IN CASE OF ANY FUTURE CHANGES TO YOUR AUTOMATIC WITHDRAWAL.

Information

1. The draw will be done on the calendar day of your choosing between the first and the sixteenth of the month. In the event that the calendar day you choose falls on a weekend or holiday, the withdrawal will be completed on the next day that the Pennsylvania Housing Finance Agency (PHFA) is open for business.
2. Mail your first monthly payment to PHFA using the temporary coupon, which is on page 2 of the Hello/Good Bye Form 28, that was given to you at closing. Or submit your payment with the monthly billing statement that you will receive from PHFA. A letter will be sent advising when the automatic withdrawal will start. This automatic withdrawal is also referred to as an ACH transaction.
3. The Automatic Withdrawal service is FREE.
4. There must be sufficient funds in your account each month for the draw. Otherwise, you will be subject to a late charge and a \$35.00 Non-Sufficient Funds charge. We recommend that you check with your financial institution regarding overdraft protection to avoid overdraft charges.
5. Additional monthly principal payments can be included with your automatic withdrawal, or you may send a check any time, at your convenience to the Harrisburg address. Indicate "Principal Payment" on your check.
6. Once a year you will receive an Escrow Analysis. If your payment changes, it will affect your draw.

Instructions To Complete ACH Form

1. If your ACH is coming from your checking account, circle "Checking" on the ACH Form, and include a voided check.
2. If your ACH is coming from your savings account, circle "Savings" on the ACH Form, and have your financial institution provide a letter on their letterhead listing their ABA/Routing Number and the Account Number.
3. **CHANGES** can be made by **FAXING** to 717-780-3899 or **WRITING** to PHFA at the above address.
4. If you have any questions in the future, please call our Customer Service Number at 1-800-346-3597.

PENNSYLVANIA HOUSING FINANCE AGENCY
211 North Front Street
P.O. Box 15057
Harrisburg, PA 17105-5057
Fax (717) 780-3899
1-800-346-3597

AUTHORIZATION AGREEMENT FOR AUTOMATIC WITHDRAWAL PAYMENTS

Name: _____

Address: _____

City/State: _____ Zip Code: _____

PHFA Mortgage Acct Number: _____

Home Phone: _____ Work Phone: _____

E-Mail Address: _____

I hereby authorize Pennsylvania Housing Finance Agency to initiate automatic withdrawals referred to as ACH entries from my checking/savings account through the financial institution listed below.

Financial Institution Name: _____

Financial Institution Telephone # _____

Financial Institution ABA/Routing Number _____

Checking OR Savings Account Number: _____

Circle the type of account to be drafted.

- ***If Checking is indicated attach a voided check from your checking account.***
- ***If Savings is indicated, submit a letter on the financial institution's letterhead with the savings account number and the ABA/routing numbers.***

Draft Day, Choose Draft Date You Prefer, (first through the sixteenth of the month): **1st** thru **16th** _____

Monthly Mortgage Payment \$ _____ **(Estimated at time of closing)**

Additional Principal Payment \$ _____ **(Optional)**

Total ACH Amount \$ _____

This authority is to remain in full force and effect until the above listed financial institution has received written notification from the undersigned of changes in such time and to afford the above listed financial institution a reasonable opportunity to act on it.

Signature: _____ **Date:** _____

A REPRESENTATIVE OF THE ORIGINATING LENDER MUST INCLUDE THIS FORM WITH THE PURCHASE SUBMISSION PACKAGE OR FAX IT TO (717) 780-3899.

CO-SIGNER'S CERTIFICATION

**Pennsylvania Housing Finance Agency
Issuer**

Dear Sirs:

I, the undersigned, an Obligor on a Note in connection with a Mortgage Loan for _____ (Mortgagors) in the amount of \$_____ from _____ (name of Lender) under a Pennsylvania Housing Finance Agency Homeownership Program ("Program") hereby certify that I am executing the Note solely for purposes of providing additional security for the Mortgage Loan.

I further certify that I have no other financial interest in the property subject to the Mortgage and that I have no intention to and will not occupy the Residence as a permanent residence.

Date

Signature of Co-Signer

Date

Signature of Co-Signer

Commonwealth of Pennsylvania

County of _____

This record was acknowledged before me on _____, 20____, by _____, who represents he/she executed the record for the purposes stated in the record.

Signature of Notarial Officer

**PENNSYLVANIA HOUSING FINANCE AGENCY
MORTGAGOR'S REAFFIRMATION AT LOAN CLOSING**

If any information of representations contained in the Mortgagor's Affidavit have changed since the affidavit was completed, the information must be corrected or a new affidavit must be completed as of the date of closing (or conversion if a C/P loan).

BORROWER NAME(S): _____

ADDRESS OF HOME
BEING PURCHASED: _____

ORIGINATING LENDER: _____

I/we as Purchasers of the Residence indicated herein have reviewed all of the information, representations and warranties contained in the original Affidavit of Eligibility and Acknowledgement of Program Requirements and I/we do hereby reaffirm all information, representations and warranties made therein. I/we understand and acknowledge that this affidavit is being made under penalties of perjury and that if I/we have made any fraudulent statements or material misstatements in the representations contained in any part of this document, or failed to state any of the information requested, the following may occur:

1. I/we could be imprisoned for up to 30 years pursuant to Section 1014 of Title 18 of the United States Code.
2. The Office of the Attorney General of the Commonwealth may be contacted for investigation regarding perjury, misrepresentation and false swearing.
3. The outstanding principal balance of the loan, if financed by mortgage revenue bonds, will be immediately due and payable together with accrued interest and foreclosure costs, legal fees and applicable expenses. All application fees and other costs and/or charges paid in connection with the application will be nonrefundable.
4. If applicable, I/we will be subject to a \$10,000 penalty under section 6709 of the Internal Revenue Code in addition to the other monetary penalties permissible under Section 6709(a) of the Internal Revenue Code.
5. I/we may be subject to criminal penalties.

Signature of Borrower

Date

Signature of Co-Borrower

Date

Commonwealth of Pennsylvania

County of _____

This record was acknowledged before me on _____, 20____, by _____, who represents he/she executed the record for the purposes stated in the record.

Signature of Notarial Officer

PHFA Form 4

NOTICE TO MORTGAGOR OF POTENTIAL RECAPTURE TAX UPON SALE OF HOME*

A. INTRODUCTION: As a recipient of a mortgage loan from the proceeds of a tax-exempt bond, you may be subject to a recapture tax if you sell your home during the next nine years. The recapture is accomplished by an increase in your federal income tax for the year in which you sell your home. The recapture only applies, however, if you sell your home at a gain and if your income increases more than 5% per year. The recapture tax may also apply if you dispose of your home in some other way. Any references in this notice to the "sale" of your home also include other ways of disposing of your home. For instance, you may owe the recapture tax if you give your home to a relative.

B. MAXIMUM RECAPTURE TAX & CALCULATION OF TAX DUE, if any:

NO RECAPTURE TAX DUE: In the following situations, no recapture tax is due and you do not need to do the calculations listed below:

- 1. You sell your home more than nine years after settlement.
2. Your home is disposed of as a result of your death.
3. You transfer your home either to your spouse or to your former spouse in connection with a divorce and you have no gain or loss included in your income under section 1041 of the Internal Revenue Code, or
4. You dispose of your home at a loss.

MAXIMUM RECAPTURE TAX: The maximum recapture tax that you may have to pay is \$ _____. This amount is 6.25% of the highest principal amount of your mortgage loan and is your federally subsidized amount with respect to the loan.

The ACTUAL RECAPTURE TAX, if any, can be determined when you sell your home, and is the lesser of (1) 50% of your gain on the sale of your home, regardless of whether you have to include that gain in your income for federal income tax purposes, or (2) your RECAPTURE AMOUNT determined below:

- 1. If home is sold before the 1st anniversary of closing, or on or after the 8th anniversary but before the 9th, your recapture amount will be 1.25% of your original principal mortgage amount.
2. If home is sold on or after 1st anniversary of closing but before the 2nd, or on or after the 7th anniversary but before the 8th, your recapture amount will be 2.5% of your original principal mortgage amount.
3. If home is sold on or after 2nd anniversary of closing but before the 3rd, or on or after the 6th anniversary but before the 7th, your recapture amount will be 3.75% of your original principal mortgage amount.
4. If home is sold on or after 3rd anniversary of closing but before the 4th, or on or after the 5th anniversary but before the 6th, your recapture amount will be 5% of your original principal mortgage amount.
5. If home is sold on or after 4th anniversary of closing but before the 5th your recapture amount will be 6.25% of your original principal mortgage amount. This is the maximum recapture amount.

C. INCOME CALCULATION. You can calculate the income as follows: SUBTRACT the applicable ADJUSTED QUALIFYING INCOME in the taxable year in which you sell your home, as listed on Page 2 of this form, FROM your MODIFIED ADJUSTED GROSS INCOME in the taxable year in which you sell your home.

Your modified adjusted gross income means your adjusted gross income shown on your federal income tax return for the taxable year in which you sell your home, with the following two adjustments: (a) your adjusted gross income must be INCREASED by the amount of any interest that you receive or accrue in the taxable year from tax exempt bonds that is excluded from your gross income (under section 103 of the Internal Revenue Code); and (b) your adjusted gross income must be DECREASED by the amount of any gain included in your gross income by reason of the sale of your home.

Your adjusted qualifying income can be obtained from Page 2 of this form. Start by finding the area and county in which your PHFA-financed property is located. If the area is not specified, you would use the income figure from "All Other Counties". You would then choose the family size at the time of sale, whether it be 1 to 2 members or 3 or more. Once you have the correct row selected for the income, you would choose the correct column by selecting the year in which you are selling your home. Use this figure for you ADJUSTED QUALIFYING INCOME.

NOTE: If your income calculation above is zero or less, you owe no recapture tax. If it is \$5000 or more, you will owe 100% of the recapture amount. If it is greater than zero but less than \$5,000, it must be divided by \$5000. This fraction, expressed as a percentage, represents your income percentage. For example, if the fraction is \$1,000/\$5,000, your income percentage is 20%.

D. LIMITATIONS AND SPECIAL RULES ON RECAPTURE TAX.

- 1. If you give away your home (other than to your spouse or ex-spouse incident to divorce), you must determine your actual recapture tax as if you had sold your home for its fair market value.
2. If your home is destroyed by fire, storm, flood, or other casualty, there generally is no recapture tax if, within two years, you purchase additional property for use as your principal residence on the site of home financed with your original subsidized mortgage loan.
3. In general, except as provided in future regulations, if two or more persons own a home and are jointly liable for the subsidized mortgage loan, the actual recapture tax is determined separately for them based on their interests in the home.
4. If you repay your loan in full during the nine year recapture period and you sell your home during this period, your holding period percentage may be reduced under the special rule in section 143(m)(4)(C)(ii) of the Internal Revenue Code.
5. Other special rules may apply in particular circumstances. You may wish to consult with a tax advisor or the local office of the Internal Revenue Service when you sell or otherwise dispose of your home to determine the amount, if any, of your actual recapture tax. See section 143(m) of the Internal Revenue Code generally.

* NOTICE - RECAPTURE TAX REIMBURSEMENT: If you ever have to pay a recapture tax in connection with the sale of this home, PHFA agrees to reimburse you, as long as you applied for this PHFA loan on or after January 1, 2004. For recapture tax inquiries, please contact PHFA at 855-827-3466 or askphfa@phfa.org.

I/We have read and acknowledge receipt of pages 1 and 2 of this form.

Borrower's Signature _____ Date _____

Borrower's Signature _____ Date _____

RECAPTURE TAX INCOME LIMITS FOR 2024 (effective for reservations on or after 7/1/2024)

Counties	Family Size By Members	Less Than								
		1 Year	1 To 2	2 To 3	3 To 4	4 To 5	5 To 6	6 To 7	7 To 8	8 To 9
ADAMS COUNTY	1 TO 2	100,500	105525	110801	116341	122158	128266	134680	141414	148484
	3 OR MORE	115,500	121275	127339	133706	140391	147411	154781	162520	170646
ALLENTOWN MSA (Carbon, Lehigh, Northampton)	1 TO 2	98,800	103740	108927	114373	120092	126097	132401	139022	145973
	3 OR MORE	113,600	119280	125244	131506	138082	144986	152235	159847	167839
ELK, FRANKLIN, INDIANA, LEBANON, MCKEAN, UNION, AND WARREN COUNTIES	1 TO 2	98,800	103740	108927	114373	120092	126097	132401	139022	145973
	3 OR MORE	113,600	119280	125244	131506	138082	144986	152235	159847	167839
ERIE MSA (Erie)	1 TO 2	98,800	103740	108927	114373	120092	126097	132401	139022	145973
	3 OR MORE	113,600	119280	125244	131506	138082	144986	152235	159847	167839
FAYETTE and WASHINGTON COUNTIES	1 TO 2	123,100	129255	135718	142504	149629	157110	164966	173214	181875
	3 OR MORE	143,600	150780	158319	166235	174547	183274	192438	202060	212163
HARRISBURG MSA (Cumberland, Dauphin)	1 TO 2	102,700	107835	113227	118888	124832	131074	137628	144509	151735
	3 OR MORE	118,100	124005	130205	136716	143551	150729	158265	166179	174487
LANCASTER MSA (Lancaster)	1 TO 2	106,700	112035	117637	123519	129695	136179	142988	150138	157644
	3 OR MORE	122,700	128835	135277	142041	149143	156600	164430	172651	181284
MONROE COUNTY	1 TO 2	103,500	108675	114109	119814	125805	132095	138700	145635	152917
	3 OR MORE	119,000	124950	131198	137757	144645	151878	159471	167445	175817
NEWBURGH MSA (Pike)	1 TO 2	115,200	120960	127008	133358	140026	147028	154379	162098	170203
	3 OR MORE	134,400	141120	148176	155585	163364	171532	180109	189114	198570
PERRY COUNTY	1 TO 2	123,200	129360	135828	142619	149750	157238	165100	173355	182023
	3 OR MORE	143,700	150885	158429	166351	174668	183402	192572	202200	212310
PITTSBURGH MSA (Allegheny, Beaver, Butler, Westmoreland)	1 TO 2	102,600	107730	113117	118772	124711	130946	137494	144369	151587
	3 OR MORE	117,900	123795	129985	136484	143308	150474	157997	165897	174192
PHILADELPHIA MSA (Bucks, Chester, Delaware, Montgomery)	1 TO 2	114,700	120435	126457	132780	139419	146389	153709	161394	169464
	3 OR MORE	131,900	138495	145420	152691	160325	168342	176759	185597	194876
PHILADELPHIA COUNTY	1 TO 2	137,600	144480	151704	159289	167254	175616	184397	193617	203298
	3 OR MORE	160,500	168525	176951	185799	195089	204843	215085	225840	237132
READING MSA (Berks)	1 TO 2	98,800	103740	108927	114373	120092	126097	132401	139022	145973
	3 OR MORE	113,600	119280	125244	131506	138082	144986	152235	159847	167839
STATE COLLEGE MSA (Centre)	1 TO 2	115,500	121275	127339	133706	140391	147411	154781	162520	170646
	3 OR MORE	132,800	139440	146412	153733	161419	169490	177965	186863	196206
YORK MSA (York)	1 TO 2	105,100	110355	115873	121666	127750	134137	140844	147886	155281
	3 OR MORE	120,800	126840	133182	139841	146833	154175	161884	169978	178477
ALL OTHER COUNTIES Non Target	1 TO 2	118,500	124425	130646	137179	144037	151239	158801	166741	175078
	3 OR MORE	138,300	145215	152476	160100	168105	176510	185335	194602	204332

NEW LOAN TAX AND INSURANCE INFORMATION
(This form shall also be used as a tax certification form)

Please complete all sections

***Please note if property contains multiple parcels, tax amounts must be reflected separately.**

****All tax figures must match figures on the Final Closing Disclosure.**

Mortgagor(s) Name(s) _____

Property Address _____

Previous Owner _____

Is this New Construction? YES NO

If this was a new construction, please estimate tax on as completed/fully assessed property.

Is this borrower Homestead Tax Exemption Eligible? YES NO

If yes, provide supporting documentation of tax exemption discount with this form.

List each tax collector that will collect a tax assessment for this property. All bills that are available and become delinquent or lose discount prior to the First Pay Date should be paid at closing. If they are not paid, an explanation must be listed on page two.

1. Type of tax: (Choose one) School County Township/Boro/Municipality

Tax Authority Name _____

Address _____

Phone No. _____

Tax ID/Parcel/Lot/Block # _____

Amount of last bill: _____

Date of Last Payment: _____

Amount of next (discount) bill: _____

Next (Discount) Due Date: _____

2. Type of tax: (Choose one) School County Township/Boro/Municipality

Tax Authority Name _____

Address _____

Phone No. _____

Tax ID/Parcel/Lot/Block # _____

Amount of last bill: _____

Date of Last Payment: _____

Amount of next (discount) bill: _____

Next (Discount) Due Date: _____

3. Type of tax: (Choose one) School County Township/Boro/Municipality

Tax Authority Name _____

Address _____

Phone No. _____

Tax ID/Parcel/Lot/Block # _____

Amount of last bill: _____

Date of Last Payment: _____

Amount of (discount) next bill: _____

Next (Discount) Due Date: _____

4. Hazard Insurance

Hazard Insurance Co. Name _____ Policy # _____
 Address _____ Premium Amt. _____
 Agent's Name _____
 Agent's Address _____
 Phone No. _____

5. Mortgage Insurance (Choose one) HUD Private Mortgage Insurance

Company Name _____ Premium Amt. _____
 Certificate No. _____
 FHA Case No. _____
 How is premium paid? (check one) Monthly Annually

6. Flood Insurance (if applicable)

Insurance Co. Name _____ Policy # _____
 Address _____ Premium Amt. _____
 Agent's Name _____
 Agent's Address _____
 Phone No. _____

7. Mine Subsidence (if applicable) Department of Environmental Protection

Certificate # _____
 Address _____ Premium Amt. _____
 Agent's Name _____
 Agent's Address _____
 Phone No. _____

AVAILABLE TAXES NOT PAID BECAUSE: _____

Settlement Agent Name: _____ Phone # _____

Preparer's Signature: _____

Closer's Name: _____ Phone # _____



Re: Notice of Purchase and Servicing Transfer: _____, Loan No. _____

Dear _____

The Pennsylvania Housing Finance Agency (PHFA) has acquired your mortgage loan and will be servicing it. **EFFECTIVE IMMEDIATELY ALL PAYMENTS FOR YOUR MORTGAGE SHOULD BE SENT TO PHFA.** You may pay your bill online or set up automatic payments by visiting PHFA's Online Servicing Center at <https://loansphereservicingdigital.bkiconnect.com/phfa/#/login>. You may also call PHFA at 1.855.827.3466 to have an automatic payment authorization form mailed to you.

Your first payment is due on _____ . All payments are due on the 1st of each month. A late charge will be imposed if your payment has not been received by PHFA by the 16th of the month.

Partial Payment: As your lender, PHFA may hold partial payments in a separate account until you pay the rest of the payment, and then apply the full payment to your loan. If this loan is sold, your new lender may have a different policy.

The assignment of your mortgage is effective as of the date of your mortgage loan closing and is recorded in the office of the Recorder of Deeds in the county where your mortgaged property is located. As your servicer, PHFA will be collecting your mortgage loan payments from you. Nothing else about your mortgage loan will change. If you have any questions for either PHFA or for your originating lender about your mortgage loan or this transfer, please use the contact information below:

Servicer:

Pennsylvania Housing Finance Agency

Loan Servicing Division

P.O. Box 15057

211 North Front Street

Harrisburg, PA 17105-5057

Telephone: 1.855.827.3466

Originating Lender:

Telephone: _____

If you receive an insurance invoice for your home, please forward it to PHFA so we can pay it out of your escrow account. Your monthly mortgage payment amount may change based on PHFA's review of actual tax and insurance escrow invoices.

If you wish to write PHFA because you believe an error was made while servicing your mortgage or if you wish to request information about your mortgage, you must use the following address: **Pennsylvania Housing Finance Agency, ATTN: Qualified Written Request Department, P.O. Box 15057, Harrisburg, PA 17105-5057.**

You will soon be receiving a monthly billing statement from PHFA. Please use the payment coupon at the bottom of the monthly billing statement and mail it along with your check to the address listed on the payment coupon to ensure proper posting to your account. If you do not receive a billing statement before your first payment is due, please use the included temporary coupon for your payment and call PHFA at 1.855.827.3466.

Sincerely,

Kathryn Newton

Director of Loan Servicing

TEMPORARY PAYMENT COUPONS

You should be receiving a billing statement from PHFA in the near future. If you do not receive a billing statement before your first payment is due, please use the coupons below to make your payment and call PHFA at 1.855.827.3466.

Please note: if you have a Keystone Advantage Assistance Loan, please include a separate check and the second payment coupon for payment of your subordinate mortgage. If you do not have a Keystone Advantage Assistance Loan, you may disregard the second coupon.

FIRST MORTGAGE
TEMPORARY PAYMENT COUPON

**Please include a copy of this coupon with your payment*

Make check payable to PHFA & mail to:
PENNSYLVANIA HOUSING FINANCE AGENCY Loan Servicing Division P.O. Box 15057 211 North Front Street Harrisburg, PA 17105-5057

Account No.
Borrower(s):
Address:

First Payment (Due on _____)
\$

KEYSTONE ADVANTAGE ASSISTANCE LOAN
TEMPORARY PAYMENT COUPON
(if applicable – disregard if incomplete)

**Please include a copy of this coupon with your payment*

Make check payable to PHFA & mail to:
PENNSYLVANIA HOUSING FINANCE AGENCY Loan Servicing Division P.O. Box 15057 211 North Front Street Harrisburg, PA 17105-5057

Account No.
Borrower(s):
Address:

First Payment (Due on _____)
\$

FACTS	WHAT DOES PHFA DO WITH YOUR PERSONAL INFORMATION?
Why?	Financial companies choose how they share your personal information. Consumers have the right to limit some but not all sharing. We feel it is important to let you know how we collect, share and protect your information. Please read this notice carefully to understand what we do.
What?	The types of personal information we share depend on the product or service you have with us. This information can include: <ul style="list-style-type: none"> ▪ Social Security number, income and contact information ▪ Account balances and payment history ▪ Credit history and credit scores
How?	All financial companies need to share customers' personal information to run their everyday business. In the section below, we list the reasons financial companies can share their customers' personal information; the reasons PHFA chooses to share; and whether you can limit this sharing.

Reasons we can share your information	Does PHFA share?	Can you limit this sharing?
For our everyday business purposes —such as to process your transactions, maintain your account(s), respond to court orders and legal investigations, or report to credit bureaus	Yes	No
For our marketing purposes —to offer our products and services to you	Yes	No
For joint marketing with other financial companies	No	We Do Not Share
For our affiliates' everyday business purposes —information about your transactions and experiences	No	We Do Not Share
For our affiliates' everyday business purposes —information about your creditworthiness	No	We Do Not Share
For nonaffiliates to market to you	No	We Do Not Share
For nonaffiliates to provide free credit counseling	Yes	No

Questions?	Call 1-855-827-3466 or visit us online at www.phfa.org .
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Who we are

Who is providing this notice?

Pennsylvania Housing Finance Agency (PHFA)

What we do

How does PHFA protect my personal information?

To protect your personal information from unauthorized access and use, we use security measures that comply with federal law. These measures include computer safeguards and secured files and buildings.

How does PHFA collect my personal information?

We collect your personal information, for example, when you:

- Apply for a loan
- Make payments
- Give us your income, employment, or other information

We also collect your personal information from others, such as credit bureaus, credit counseling agencies, and other companies.

Why can't I limit all sharing?

Federal law allows consumers to limit only:

- Sharing for affiliates' everyday business purposes—information about your creditworthiness
- Affiliates from using your information to market to you
- Sharing for nonaffiliates to market to you

State laws and individual companies may give you additional rights to limit sharing.

Definitions

Affiliates

Companies related by common ownership or control. They can be financial and nonfinancial companies.

- *We do not share your personal information with affiliates.*

Nonaffiliates

Companies not related by common ownership or control. They can be financial and nonfinancial companies.

- *We may share with housing counseling agencies, but we do not otherwise share your personal information with nonaffiliates.*

Joint Marketing

A formal agreement between nonaffiliated financial companies that together market financial products or services to you.

- *We do not share your personal information for joint marketing.*

Other important information

Housing Counseling Agencies

PHFA contracts with housing counseling agencies to provide free credit counseling to consumers. All credit counseling services are confidential, and our network of housing counseling agencies are not permitted to sell or otherwise share your personal information except as required by law or for auditing purposes. Because these agencies do not share or sell your personal information, we may provide your contact information and limited account information to our network of housing counseling agencies.

Prepared by & Return to:

(Contact and Department Name)

(Address of Lender)

PIN/ID Number: _____

Above space is intentionally left blank for recording data.

ASSIGNMENT OF MORTGAGE

For value received, the undersigned, Mortgage Electronic Registration Systems, Inc.(MERS) as Nominee for _____, (**Originating Lender**) does hereby grant, sell, convey, assign and deliver unto the **PENNSYLVANIA HOUSING FINANCE AGENCY**, its successors and assigns, the following described Mortgage, together with the Note secured thereby:

Name of Original Mortgagor(s): _____

Secured by the real property located at: _____

Original Principal Amount of Mortgage: \$_____ Mortgage Dated: _____

County Recorded in: _____ Municipality: _____

Recorded simultaneously with the above referenced Mortgage OR if it is recorded at a later date it must reference the mortgage information below.

The recording information is as follows: Mortgage Recording Date: _____ Record Book _____ Page _____ or Instrument Number: _____

IN WITNESS WHEREOF, the undersigned, has caused this **Assignment of Mortgage** to be executed by its duly authorized officer.

Date: _____

MERS AS NOMINEE FOR _____

By: _____

Title: _____

Commonwealth of Pennsylvania

County of _____

This record was acknowledged before me on _____, 20____, by _____, who represents he/she is an authorized officer of MERS as Nominee for _____ and that he/she executed the record for the purposes stated in the record.

Signature of Notarial Officer

CERTIFICATE OF RESIDENCE OF ASSIGNEE

The below officer certifies that the principal business and mailing address for this assignment and assignee is: PHFA, 211 North Front Street, Harrisburg, PA 17101

Prepared by: _____

Return to: _____

Property Parcel Number: _____

Above space is intentionally left blank for recording data.

**PENNSYLVANIA HOUSING FINANCE AGENCY
Keystone Forgivable in Ten Years Loan Program**

SUBORDINATE MORTGAGE

This Subordinate Mortgage ("Mortgage"), entered into this ____ day of _____, 20____, is given by _____ ("Borrower") as security for the loan made to Borrower by the **Pennsylvania Housing Finance Agency** ("Lender"), its successors and or assigns, a public corporation and government instrumentality, having its principal office at 211 North Front Street, City of Harrisburg, County of Dauphin, Commonwealth of Pennsylvania.

Borrower is indebted to Lender in the principal amount of: _____ \$(_____) Dollars, which indebtedness is evidenced by a Subordinate Mortgage Note dated this date ("Note"), providing for conditional payment pursuant to its terms no later than the tenth (10th) anniversary of the making of the Note.

This Mortgage is given by Borrower to Lender to secure any and all sums loaned by Lender to Borrower through Lender's Keystone Forgivable in Ten Years Loan Program. The sums secured by this Mortgage are evidenced by the Note, and include, but are not necessarily limited to, sums advanced by Lender to Borrower or on behalf of Borrower in connection with the purchase of the property secured by this Mortgage.

To secure the repayment of such sums, Borrower does hereby mortgage, grant and convey to Lender the following described real property, located in the County of _____, Commonwealth of Pennsylvania, which currently has the address of _____, and is more fully described as follows:

See Exhibit "A" attached hereto and incorporated herein.

TOGETHER with all the improvements now or hereafter erected in the property, and all easements, rights, appurtenances, rents, royalties, mineral, oil and gas rights and profits, water rights and water stock, and all fixtures now or hereafter attached to the property, all of which including replacements and additions thereto, shall be deemed to be and remain a part of the property covered by this Mortgage (herein the "Property").

BORROWER COVENANTS AND AGREES AS FOLLOWS:

1. ***Borrower's Covenant.*** Borrower covenants and warrants that Borrower lawfully owns the Property hereby conveyed and has the right to mortgage, grant and convey the Property to Lender.

2. ***Repayment.*** Borrower shall repay the sums advanced in connection with this Mortgage in accordance with the terms contained in the Note of even date, which is incorporated herein in its entirety. In the event there is more than one Borrower, the obligation of each shall be joint and several.

3. ***Default.*** If Borrower fails to make payments of principal and interest as may be required by this Mortgage or the Note, or if Borrower violates any other term of this Mortgage or the Note, Lender may declare this Mortgage to be in default, and Lender may accelerate all outstanding indebtedness, by declaring all sums remaining due under this Mortgage to be immediately due and payable in their entirety. In such event, Lender may institute an action of mortgage foreclosure against Borrower, or such other form of civil action as is determined appropriate by Lender. If it is necessary for Lender to institute such legal action, Borrower agrees to pay all costs and attorney's fees actually incurred by Lender.

4. ***Interest.*** Interest shall not accrue on the sums advanced pursuant to this Mortgage.

5. ***Prepayment Permitted.*** Borrower may repay the sums loaned pursuant to the Note and this Mortgage, in whole or in part, at any time without penalty.

6. ***Preservation and Maintenance of Property.*** Borrower shall maintain the Property in good repair and shall not commit waste or permit impairment or deterioration of the Property.

7. ***Primary Residence.*** At all times this loan is outstanding, Borrower must occupy the Property as a primary residence. This requirement shall automatically terminate following a transfer pursuant to a foreclosure sale to the first mortgagee, a deed-in lieu of foreclosure to the first mortgagee or an assignment of the first mortgage to the Secretary of the Department of Housing and Urban Development.

8. ***Inspection.*** PHFA may make or cause to be made reasonable entries upon and inspection of the Property, provided that PHFA shall give Borrower notice prior to any such inspection specifying reasonable cause therefor related to PHFA's interest in the Property.

9. ***Taxes and Insurance.*** Borrower agrees that all real estate, water and sewage charges, and other charges that are levied against the Property will be paid in a timely manner. Borrower further agrees to maintain adequate liability and hazard insurance to protect the property against risk of loss, and that Lender will be named as a Mortgagee on any such policy. In the event that Borrower fails to pay the taxes or to maintain adequate liability and hazard insurance, Lender may pay the same and add the amount disbursed to the amount owed to Lender by Borrower.

10. ***Insurance Proceeds.*** In the event that the proceeds of an insurance claim are paid to Borrower, and those proceeds are not to be used to restore the premises, Lender may claim its right to a proportional share of such proceeds to satisfy any remaining indebtedness.

11. ***Condemnation.*** The proceeds of any award or claim for damages, direct or consequential, in connection with any condemnation or other taking of the property, or part thereof, or for conveyance in lieu of condemnation, are hereby assigned and shall be paid to Lender in an amount sufficient to satisfy any outstanding indebtedness owed to Lender.

12. ***Transfer of the Property: Due on Sale.*** In accordance with the provisions of the Note, Lender may declare all of the sums secured by this Mortgage to be immediately due and payable upon the sale or transfer of any of Borrower's interest in the property.

13. ***Remedies Cumulative.*** All remedies provided in this mortgage are distinct and cumulative to any other right or remedy under this Mortgage, the Note or the other loan documents, or afforded by law or in equity, and may be exercised concurrently, independently or successively.

14. ***Forbearance by Lender not a Waiver.*** Any forbearance by Lender in exercising any right or remedy hereunder, or otherwise afforded by applicable law shall not be a waiver or preclude the exercise of any such right or remedy at any time.

15. ***Governing Law: Severability.*** This Mortgage shall be governed by the laws of the Commonwealth of Pennsylvania. In the event that any provision or clause of this Mortgage or the Note conflicts with applicable law, such conflict shall not affect other provisions of this Mortgage or the Note which can be given effect without the conflicting provision, and to this end, the provisions of the Mortgage and Note are declared to be severable.

16. ***Notice.*** Except for any notice required under applicable law to be given in another manner, (a) any notice to Borrower provided for in this Mortgage shall be given by mailing such notice by first class or registered or certified mail addressed to Borrower at the Property address or at such other address as Borrower may designate by notice to Lender as provided herein, and (b) any notice to Lender shall be given by first class or registered or certified mail, return receipt requested, to Lender's address stated herein or to such other address as Lender may designate by notice to Borrower as provided herein. Any notice provided for in this Mortgage shall be deemed to have been given to Borrower or Lender when given in the manner designated herein.

(signatures continued on next page.)

IN WITNESS WHEREOF, and intending to be legally bound hereby, Borrower has executed this Mortgage on the day and year first above written.

Commonwealth of Pennsylvania :
:
County of _____ :

This record was acknowledged before me on _____, 20____, by
_____.

Signature of Notarial Officer

Certification of Residence

I hereby certify that precise address of Lender (Mortgagee) is:
211 North Front Street, P.O. Box 8029
Harrisburg, Pennsylvania 17105-8029

Authorized Agent

Mortgage Loan Officer's Name

NMLS Number:

Loan Origination Organization

NMLS Number:

**PENNSYLVANIA HOUSING FINANCE AGENCY
Keystone Forgivable in Ten Years Loan Program**

SUBORDINATE MORTGAGE NOTE

Date: _____, 20____

FOR VALUE RECEIVED, the undersigned _____,
jointly, separately and severally (collectively, "Borrower"), promise(s) to pay to the order of the
PENNSYLVANIA HOUSING FINANCE AGENCY, a public corporation and government instrumentality
having its principal office at 211 North Front Street, Harrisburg, PA 17101 ("PHFA"), at such place as PHFA
may from time to time designate in writing, the principal sum of:

_____ Dollars (\$_____).

This Subordinate Mortgage Note ("Note") is accompanied and secured by a Subordinate Mortgage dated this
date on real property owned by Borrower located at: _____

1. **INTEREST.** Interest shall not accrue on the sums advanced in connection with this Note.
2. **REPAYMENT.** Borrower must repay the outstanding balance of this loan upon the occurrence of any of the following events (each a "Repayment Event") during the term of this loan and prior to the end of the Forgiveness Period set forth below:
 - A. The property is rented, sold, or transferred; or
 - B. Borrower ceases to occupy the property which is secured by the Subordinate Mortgage as Borrower's primary residence; or
 - C. The loan evidenced by a note secured by a mortgage prior to the Subordinate Mortgage ("First Mortgage Loan") is paid in full, is refinanced or is otherwise released or terminated; or
 - D. Borrower defaults under the terms of this Note or the accompanying Subordinate Mortgage or defaults under the First Mortgage Loan; or
 - E. It is discovered that Borrower has submitted incomplete, false or misleading information in connection with this loan or the First Mortgage Loan, or fails to comply with any applicable federal or state laws in connection with the making of this loan; or

If not sooner paid or forgiven in accordance with the provisions below, any outstanding amount under this Note shall be due and payable on the tenth (10th) anniversary of the making of this Note.

3. **FORGIVENESS PERIOD.**
 - A. The "Forgiveness Period" is the ten (10) year period commencing with the making of this Note and ending on the tenth (10th) anniversary of the making of this Note.
 - B. While the property remains occupied as the primary residence of at least one Borrower and no Repayment Event described above has occurred, this Note is forgivable in nature. Provided no Repayment Event has occurred, each year on the anniversary date of the Note, ten percent (10%) of the original amount of the Note shall be forgiven. Borrower is responsible for any tax liability that may result from the forgiveness of debt and should seek the advice of a tax accountant or tax counsel with any questions concerning the treatment of forgiven debt as income.
 - C. No prorated credit shall be given for a portion of a year. To qualify for forgiveness, at least one Borrower must own and occupy the residence for each full twelve (12) month period.
 - D. If Borrower becomes the subject of a foreclosure proceeding that results in the sale of part or all of the premises, any sums in excess of those paid to superior lien holders shall be paid to PHFA to apply to the outstanding balance of this loan. If there are insufficient funds to pay off this Note, PHFA may in its discretion waive the payment of any or all of the remaining outstanding loan balance.

E. Borrower shall be responsible for payment of all fees or costs associated with the satisfaction or release of the Subordinate Mortgage, either when the loan is paid off or at the end of the Forgiveness Period.

4. **PREPAYMENT.** Borrower may prepay the principal due on this Note in whole or in part at any time, without penalty.

5. **PRIMARY RESIDENCE.** Borrower hereby agrees that the real property secured by the Subordinate Mortgage accompanying this Note shall at all times be the primary residence of Borrower while any amount of the loan evidenced by the Note remains outstanding, and that a default under this provision shall be a Repayment Event causing any outstanding balance to become immediately due and payable.

6. **DISCLOSURE STATEMENT BY BORROWER.** Borrower hereby affirms that full, complete and accurate financial information has been submitted by Borrower in connection with this loan. Borrower further agrees to submit full and complete financial information to PHFA as requested by the Agency. In addition, Borrower promises to give PHFA immediate written notification of (1) any change of address, or (2) if and when the property is to be sold or transferred.

7. **ACCOMPANYING DOCUMENTS.** This Note is secured by a Subordinate Mortgage on the residence of Borrower and by other loan documents (collectively the "Loan Documents"). All the terms, covenants, agreements, conditions, warranties and provisions contained in the Loan Documents are hereby incorporated in this Note. A breach by Borrower of any of the terms of the Loan Documents shall also constitute a breach of the terms of this Note.

8. **TIME OF ESSENCE.** Time is of the essence with respect to each and every provision of this Note.

IN WITNESS WHEREOF, intending to be legally bound, Borrower has executed this Note on the date written above.

Borrower's signature

Borrower's signature (if applicable)

Co-Signer's signature (if applicable)

Co-Signer's signature (if applicable)

Mortgage Loan Officer's Name:

NMLS Number:

Loan Origination Organization

NMLS Number:
