

Welcome to PHFA's Loan Originations Webinar

Josh Shapiro, Governor

Robin L. Wiessmann, Executive Director

PHFA MISSION

In order to make the Commonwealth a better place to live while fostering community and economic development, the Pennsylvania Housing Finance Agency provides the capital for decent, safe and affordable homes and apartments for older adults, persons of modest means and those with special housing needs.

www.phfa.org



OUR TEAM

April O'Connell



Business Development
Manager

Emily Murray



Business Development
Officer

Jeffery Sowers



Business Development
Officer

Alexandra Arocho



Business Development
Officer

Business Development Team of
PHFA's Homeownership Programs Division

AGENDA


- What is PHFA?
- Pricing
- Guidelines for All Loans
- 1st Mortgage Programs
- Assistance Programs
- Contact Information



PHFA, who we are:

- Created in 1972
- Non- profit; Quasi Government Agency
- Headquarters in Harrisburg, PA
- Several departments: Homeownership
- Considered an “Investor”
- Over 201,537 loans purchased, worth 18.9 billion dollars

Pricing

The background is a textured teal color. It is decorated with various white line-art icons related to finance and business. These include stacks of money, individual coins, a piggy bank, a bar chart, a line graph, and a hand holding coins. The icons are scattered around the perimeter of the page, leaving the central area clear for the main text.

Pricing

- The maximum a lender may retain from the loan price is 103% of the loan amount
- Maximum earnings on Keystone Home Loans and Keystone Flex with KFIT is 102.375%
- Additional compensation above 103% must be provided to the borrower in the form of a credit toward their closing costs or utilized toward a refundable Single Lender Paid Mortgage Insurance Premium

Pricing

All loans are sold with servicing released to PHFA:

- The lender locks the interest rate as well as the price that PHFA will pay for the loan
- Price includes the origination and the Servicing Release Premium (SRP)

The final SRP (.625%) will be withheld at the time of purchase and paid when the file is cleared according to the payout schedule.

Pricing

- Borrowers will be able to pay up to two discount points in exchange for a lower rate. Available with HFA Preferred™ Lo MI and Keystone Government

The Keystone Home Loan and Keystone Flex Loan programs do not permit borrowers to buy down the interest rate, because only one rate is offered.

Pricing

Pre-Closing Performance Premium

Lenders with at least twelve purchased loans in the previous twelve months may qualify for a quarterly Pre-Closing Performance premium, providing:

- The combined quarterly average of Pre-Closing Eligibility Percentage and Quarterly Pull Through Percentage greater than or equal to 70%
and
- Was approved on its initial Pre-Closing review may qualify for an incentive of up to \$75 per loan, in accordance with the table below:

Combined Average Percentage	Pre-Closing Performance Premium
100 – 90%	\$75
89 – 80%	\$50
79 – 70%	\$35

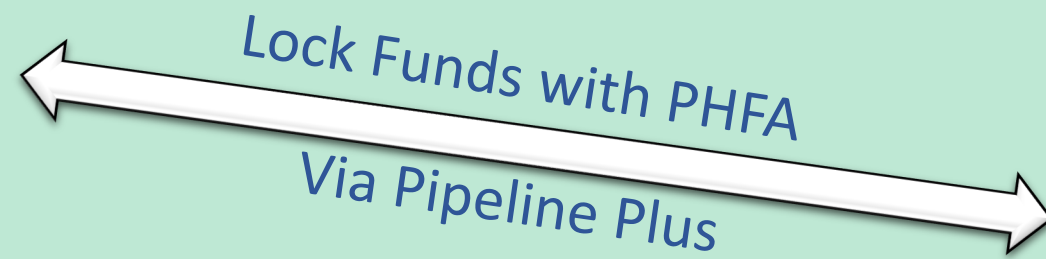
Loan Process

Loan Process

Lender

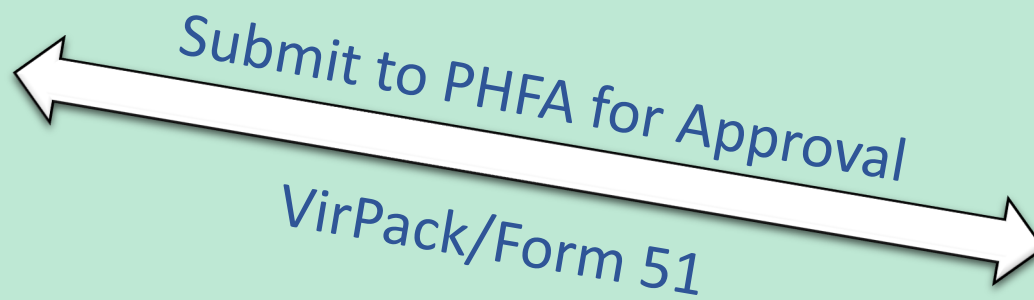
PHFA

Application



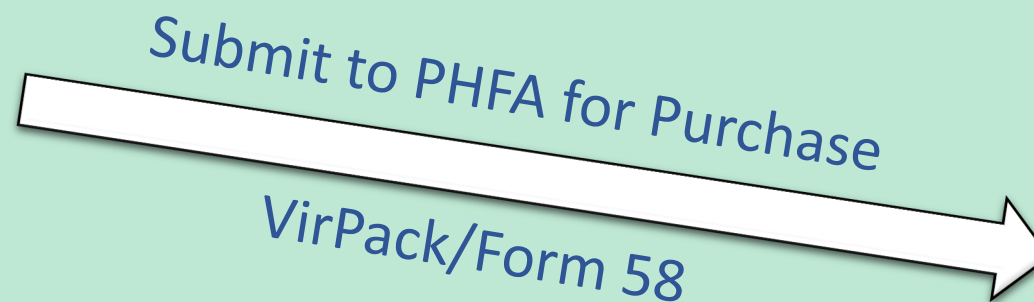
Lock Rate

Process &
Underwrite



Review Loan

Close



Purchase Loan

Guidelines for All Loans

Guidelines for All loans

Homebuyer Education

A completed homebuyer education class or counseling session required prior to closing.

A copy of the counseling certificate(s) must be included in the purchase package to PHFA.

In-person homebuyer education can be a remote session if the counseling agency offers this service.

No Homebuyer Education required on refinance.

PHFA Programs	Keystone Home Loan	Keystone Home Loan with KFIT Keystone Flex with KFIT Keystone Flex P&I with KFIT
Minimum Credit Score without Assistance	620	N/A
Minimum Credit Score with Assistance	660	660
680 and Above Credit Score	Not Required but Recommended	Only one borrower Telephonic and online courses are acceptable and Counseling through Fannie Mae Homeview™, PHFA or one of our PHFA approved counseling agencies
Below 680 Credit Score	Middle credit scores below 680, borrower must complete an in-person homebuyer education class or counseling session prior to closing, provided by one of PHFA's approved counseling organizations	Middle credit scores below 680, borrower must complete an in-person homebuyer education class or counseling session prior to closing, provided by one of PHFA's approved counseling organizations
Closing Cost Credit	N/A	N/A

Counseling Guidelines

Counseling Requirements:

- PHFA pays for the counseling
 - Must use a PHFA approved counseling organization
- (Use Form 63 – Pre-Closing Counseling Referral to refer)**



Counseling Referral Form

Please mark one:

- Pre-Purchasing Counseling** – Required for the pre-purchase counseling credit when obtaining an HFA Preferred or HFA Preferred Risk Sharing loan. Counseling must be completed prior to executing the agreement of sale. Also, available to anyone considering purchasing a home.
- Pre-Closing Counseling (for PHFA’s home purchase loans)** – Required when credit scores are under 680. Available to anyone purchasing a home. *(If pre-purchase counseling has been completed, pre-closing counseling is not required.)*

Lender/LPA Name _____

Address _____

Contact Person _____

Telephone _____

Fax# _____

Borrower Name _____ **FICO Score** _____

Borrower Name _____ **FICO Score** _____

Address _____

Counseling Agency Referral Information:

Name of Agency _____

Address _____

Telephone _____

Date of referral _____ **Proposed loan closing date** _____

Indicate PHFA Loan Program in Comment Section

Comments: _____

I authorize the lender named above to provide the counseling agency named above with information and paperwork regarding my mortgage application, including copies of my loan application, credit report, asset and employment information and other related documentation, as requested by the counseling agency.

Borrower Signature and Date

Co-Borrower Signature and Date

Form 63

Guidelines for All Loans

- PHFA does not issue pre-approval or pre-qualification letters
- All loans are 30-Year fixed rate

Eligible Properties:

- One-two units(attached or detached) (HFA Preferred™-one unit only)
- Condos and PUDs (condos must be warranted by the lender, PHFA will not review)
- Manufactured Homes

Maximum LTV for all Loans:

- Conventional- 95%-97% (95% 2 units)
- FHA - 96.5%
- RD, VA - 100%

Lender must determine if the loan is approved under FHA, VA, RD or Fannie Mae

Electronic signatures are acceptable on initial disclosures; however, all closing documents must be wet signed.

Guidelines for All Loans

Actual amount (or your standard fees) for items including, but not limited to:

- Credit report
- Appraisal fee
- Filing and recording fees
- Wood-destroying insect report
- Tax certification fees can be charged on all loans
- \$93 tax service fee must be charged on all loans:
 - Borrower or lender paid, reflect on LE & CD (PHFA forwards to CoreLogic)
- **\$1,500** Administrative fee to cover overhead such as underwriting, processing and doc prep
- **\$1,100** for FHA streamline refinance product and the VA Streamline Refinance

Guidelines for All loans

Income Documentation

Self-employed borrowers:

- 2 years tax returns
- Profit and Loss statement after the first quarter.

IRS Tax Transcripts. IRS Tax Transcripts will be required to be submitted with the purchase submission package to be eligible for loan purchase.

Programs	Income Docs For Borrower(s)	Income Docs for Adult Occupants	Use Income for PHFA limits
Keystone Home Loan (Household Income)	Full VOE OR Verbal VOE, Current Paystubs, 2yrs W-2s, 2yrs tax transcripts	Current Paystubs, 2yrs W-2s	Yes
Keystone Flex (Qualifying Income)	Full VOE OR Verbal VOE, Current Paystubs, 2yrs W-2s, 2yrs tax transcripts	N/A	Yes

Guidelines for All loans

Rate Lock

Lenders must monitor their rate expiration pipeline or expiration report, as a loan will be subject to additional fees if purchased after the lock expires. Loans that cannot be purchased within **30 days** of rate expiration, will also be subject to worst case re-pricing.

Rate Lock Extensions: For an active loan, PHFA must receive the request on or before the lock expiration and the date of closing. (See KHL for new construction lock extension)

Rate/Price Sheet will be distributed daily to PHFA Participating Lenders via PHFA Pipeline Plus System. Subject to change at anytime. Lender will receive an email when change occurs; no exceptions.

Revision to an Active Lock

Calendar Days	Cost (% of loan amount)
3	No Cost
7	0.125
15	0.250
30	0.375

Only one 3-day lock extension is available

Note Rate	30 Days	60 Days	90 Days
6.000	99.776	99.776	99.792
6.125	100.356	100.356	100.373
6.250	100.258	100.258	100.276
6.375	100.580	100.580	100.598
6.500	100.993	100.993	101.012
6.625	101.587	101.587	101.606
6.750	101.347	101.316	101.305
6.875	101.641	101.610	101.600
7.000	102.036	102.004	101.995
7.125	102.598	102.566	102.558
7.250	102.539	102.523	102.531
HFA Preferred Advantage- Lo MI			
Note Rate	30 Days	60 Days	90 Days
6.625	99.587	99.587	99.606
6.750	99.347	99.316	99.305
6.875	99.641	99.610	99.600
7.000	100.036	100.004	99.995
7.125	100.598	100.566	100.558
7.250	100.539	100.523	100.531
7.375	100.805	100.790	100.798
Keystone Government & Streamline Refinance (Price does not include LLPAs)			
Note Rate	30 Days	60 Days	90 Days
5.625	99.868	99.680	99.507
5.750	100.378	100.191	100.018
5.875	99.899	99.680	99.477
6.000	100.407	100.189	99.986
6.125	100.905	100.686	100.484
6.250	101.391	101.173	100.972
6.375	100.673	100.407	100.160
6.500	101.155	100.890	100.643
6.625	101.621	101.355	101.109
6.750	102.069	101.803	101.558
6.875	101.116	100.944	100.793
7.000	101.562	101.390	101.240
7.125	101.990	101.818	101.669
Keystone Government Advantage (Price does not include LLPAs)			
Note Rate	30 Days	60 Days	90 Days
6.250	99.391	99.173	98.972
6.375	99.673	99.407	99.160



Pricing as of 04/24/2023 10:00 AM EST

Keystone Home Loan w/K-FIT		
Note Rate	60 Days	Loan Type
6.375	102.375	FHA, VA, RHS
6.625	102.375	Conventional *Up to 97% LTV with PHIF
6.625	102.375	Purchase Improvement
Keystone Home Loan		
Note Rate	60 Days	Loan Type
5.750	102.375	FHA, VA, RHS
6.000	102.375	Conventional *Up to 97% LTV with PHIF
Keystone Home Loan Advantage, Homestead, & Purchase Improvement		
Note Rate	60 Days	Loan Type
5.875	102.375	FHA, VA, RHS
6.125	102.375	Conventional
6.125	102.375	Purchase Improvement- May be used with Advantage
Keystone Home Loan Construction		
Note Rate	180 Days	Loan Type
6.500	102.375	FHA, VA, RHS
6.750	102.375	Conventional *Up to 97% LTV with PHIF
6.750	102.375	Advantage and Homestead
7.250	102.375	FHA, VA, RHS, Conv w/K-FIT
Keystone Flex Loan w/K-FIT		
Note Rate	60 Days	Loan Type
7.375	102.375	FHA, VA, RHS
7.500	102.375	Conventional *Up to 97% LTV with PHIF
7.500	102.375	Purchase Improvement
Keystone Flex Loan Refinance		
Note Rate	60 Days	Loan Type
6.750	102.375	FHA and VA Only
7.000	102.375	Conventional *Up to 97% LTV with PHIF
Please See Page 3 For Program Notes		



PHFA Program Notes

[Please refer to the Sellers Guide for complete program information.](#)

- K-FIT cannot be combined with Advantage, Homestead, or Access Downpayment
- Max compensation to be retained by the lender is 103 (0.625% withheld at purchase and paid if file cleared within 30 days after purchase date; 0.125% is deducted for each additional 30 days until the file is cleared.)
- Lender may charge standard 3rd party fees and origination fee ≤ \$1,500 (\$1000 for refinances)
- Min FICO = 620 on all products except PHIF insured loans. Min FICO = 660 for PHIF insured loans.
- Min FICO = 660 for Advantage and K-FIT.
- Deduct 100 bps for 203(K) and Homestyle loans.

- Lender compensation above 103 *must* be paid to borrower and shown as a credit on the LE and CD. It may ONLY be used to cover closing costs. It CANNOT be used towards any portion of the borrower's downpayment.
- Max discount points charged to borrower = 2%
- **Please note: because the KHL & K-Flex loan programs only offers one interest rate option, no origination or discount points may be charged to the borrower this includes all KHL, K-FIT, & K-Flex programs. See Chapter 1 Section C1 of the PHFA Seller's Guide.**
- Add \$250 if borrower is receiving a PHFA Access Modification Loan

<u>Extension Fees:</u>		<u>Extension Fees for Keystone Home Loan Construction:</u>	
3 Days	Free	3 Days	Free
7 Days	0.125	1st 30 Days	0.125
15 Days	0.250	2nd 30 Days	0.25
30 Days	0.375	3rd 30 Days	0.375
Submit extensions through the Pipeline Plus		Submit requests using Form 6 to secondary@phfa.org	

FICO Pricing KGOV LOANS ONLY		Pricing adjustments will not be reflected in price at time of lock; they will appear on purchase advice.	Worse Case Re-Pricing
620-639 & no FICO	-0.625	See Seller's Guide for details. ('no score') will be subject to the same KGOV FICO price adjustment as borrowers in the lowest tier (-50 bps). The LLPA will be based on the lowest middle	Loans that cannot be purchased by PHFA within 30 days of the rate expiration date will be subject to a worse case reprice. A fee of 37.5bps will be applied to loans relocked within 60 days of expiration.
640-659	-0.500		
660-679	-0.375		
680-699	-0.125		
700-719	0.000		
720-739	0.125		
740+	0.250		

<u>Contact Information</u>		Change Requests
Lock Desk/Secondary	secondary@phfa.org	All change request prior to pre-closing review must be made using Form 6 and submitted to secondary@phfa.org .
Pre-Closing	preclosing@phfa.org	
Post-Purchasing	sfpurchasing@phfa.org	
Business Development	sfgeneralprograminfo@phfa.org	
Compliance	quality_control@phfa.org	

Homeowner's Insurance

- Term-at least one (1) year; Insurance must be effective the day of closing not after.
- **PHFA's Mortgagee Clause: PHFA, ISAOA P.O. Box 15057, Harrisburg, PA 17105-5057**

Fire and Extended Coverage Required:

- Protection against loss or damage from fire and other hazards covered by standard extended coverage endorsement.
- In an amount equal to the LESSER of the loan amount OR the maximum insurable value of the improvements

Deductible is 1% of the face amount of policy, maximum of \$3,000:

- Per RD guidelines deductibles should not exceed the greater of either \$1,000 or 1% of the policy coverage.

Please Note: PHFA requires the declarations page for the homeowner's insurance policy to purchase the loan. We do not accept binders. While the difference is usually obvious, on Erie policies it is not. On those declaration pages, the policy number must start with a **Q**. If it doesn't, it is a binder.

Property Guidelines

Property Guidelines

- The census tract (if applicable) must be listed
- Include the Conditional Commitment/Direct Endorsement Statement of Appraised Value for FHA loans (HUD 92800.5b)
- Include the Certificate or Notification of Reasonable Value for VA loans
- Appendix I - PHFA Appraisal Review Sheet. This checklist is provided for informational purposes to assist appraisers and lending staff when reviewing a property for which PHFA financing is being requested
- **Please Note: 1-4 Family Rider.** For Conventional Two-Unit properties under Keystone Home Loan and Keystone Flex Loan Programs, the [Fannie Mae Family Rider - Form 3170](#) will be required for loans closed on or after July 1st. Please note this rider is only required for two unit properties.

Guidelines for All Loans

Proof of Mortgage Insurance

For FHA loans, the signature section of the Loan Underwriting Transmittal Summary (LUTS) must either indicate a DU Accept or LP Approve AND the ZFHA number, OR it must be signed by the DE underwriter (the DE underwriter must also complete the Conditional Commitment).

Sources of Funds:

- Seller concessions (Conventional loans)
 - 3% if LTV > 90%
 - 6% if LTV < 90%
- If FHA, VA, RD those guidelines apply.
- County programs acceptable to the insurer/investor:
 - Provide [Form 5](#) – Affordable Housing Assistance Program Checklist
 - Must be signed by the lender's underwriter approving the loan

Flood Insurance

- “Life of Loan Certification” issued by a Flood Insurance company required
 - MUST BE Insured as “Pennsylvania Housing Finance Agency, its Successors and Assigns” PHFA no longer accepts Notice of Servicing Transfers
- If property is in Special Flood Hazard Area (SFHA) **See Chapter 12** for details. These guidelines will eliminate the need for certain borrowers to obtain an elevation certificate and should also help streamline the process.
- Include flood insurance application in the Pre-Closing package
- Standard Policy Rate: include in calculating debt-to-income ratios, amount escrowed and in the monthly PITI payment
- **The maximum deductible permitted by PHFA is \$5,000** unless the mortgage insurer/guarantor (such as FHA) requires a lower amount, but the borrower must still qualify at the lowest deductible permitted
- If needed for a condo, obtain proof of Condo Association’s insurance

Flood Insurance – Private Policies

Conventional, RD, VA:

- Must contain the compliance aid statement within the policy or an endorsement to the policy: **“This policy meets the definition of private flood insurance contained in 42 U.S.C. 4012a(b)(7) and the corresponding regulation.”**

FHA:

- Must contain the FHA compliance aid statement: **“This policy meets the definition of private flood insurance contained in 24 CFR 203.16a(e) for FHA insured mortgages.”**

Special Assessments

- Any special assessments, tax assessments OR any then due taxes or past due taxes must be paid by closing
- This includes unpaid lien for water/sewer rents and unpaid Condo/PUD Association fees

Re-Amortization Request

PHFA's Loan Servicing Department will only process re-amortization requests after a lump sum of funds are applied on Conventional Loans under the Fannie Mae Programs or Mortgage Revenue Bond (MRB) loans (Keystone Home Loan & K-Flex Loan programs).

The following steps must be completed:

- a. PHFA will provide the borrower with an estimate of what their new P&I would be based on the lump sum they want to apply. There are various calculators on the borrower web site to assist with determining calculations.
- b. PHFA will only proceed if the payment reduction is at least \$25
- c. PHFA will then direct the borrower to send in a written request along with the funds to P.O. Box 15057 Attn: Loan Modification Department.
- d. When funds are received, the funds will be applied to the account and PHFA will send the agreement to the borrower to sign.
- e. Once the agreement is signed and returned PHFA will then change the P&I in the system.

1st Mortgage Programs

Keystone Home Loan

Keystone Home Loan Program Program Details

Eligible Products - Conventional, FHA, VA, RD with fixed rate & 30-year term

Underwriting:

- Conventional - DU
- FHA & VA Loans - DU or LP
- RD Loans - GUS only
- Manual UW- Per Government entity's guidelines

Income Requirements - KHL Income limits (Appendix A) Household Income

Keystone Home Loan Program

Program Details

Maximum DTI:

- 50% (Conventional Only)
- 45% FHA, VA & RD
- Manually underwritten files must follow gov't entity guidelines

Maximum LTV/CLTV:

- Conventional 95%-97% with DU Approve/ Eligible Findings
- FHA, VA, RD – follow entity guidelines

First-time Homebuyer Requirement - 3-year rule, waived for veterans and buyers purchasing in all targeted areas indicated on Appendix A

Keystone Home Loan Program

Non-traditional Credit - Conventional: N/A. Borrowers on gov't insured/guaranteed loans with no scores may be eligible with sufficient documentation w/max DTI of 43%

Subordinate Financing:

- Keystone Forgivable in Ten Years Loan Program
- Keystone Advantage Assistance
- Access Modification
- Access Downpayment & CCA
- HOMEstead Down Payment & CCA

Keystone Home Loan Program

Program Details

Mortgage Insurance - FHA, VA, RD requirements apply Conventional MI (LTV's above 80%) - Provided by PHFA through PHIF **only**

Renovation Programs:

- Purchase and Improvement up to **\$15,000**
- Access Modification Loan

Minimum FICO Requirement - 620 with DU Approve/Eligible Findings

Minimum Borrower Contribution - The lesser of 1% or \$1000- purchases only

Keystone Home Loan Program

Pennsylvania Housing Insurance Fund(PHIF)

- For Keystone Home Loan and Keystone Flex with K-Fit and Keystone Flex Purchase and Improvement with K-FIT only
- To request PHIF mortgage insurance coverage, mark the “PHIF” box at the top of [PHFA Form 51- Pre-Closing Package Submission Checklist](#)

March 2022 PRE-CLOSING PACKAGE CHECKLIST AND COVER SHEET PHFA Form 51

Directions: This Checklist is to be submitted on top of the Pre-Closing Package. It is important that the documents are scanned in the order of this document when uploaded into VirPack. Upload as Document Type “Pre-Closing Package”, Upload the Appraisal, then select “Process” to submit the files to VirPack.

HOMEOWNERSHIP PROGRAMS DIVISION	
PRIMARY BORROWER'S NAME	CO-BORROWERS NAME
<input type="checkbox"/> PURCHASE <input type="checkbox"/> PURCH & IMPR <input type="checkbox"/> HOMESTYLE <input type="checkbox"/> MCC <input type="checkbox"/> PHIF	<input type="checkbox"/> CONVENTIONAL <input type="checkbox"/> FHA <input type="checkbox"/> RD <input type="checkbox"/> VA (Select Financing)

- If eligible for coverage, a PHIF MI Certificate will be generated once the lender receives a Pre-Closing Eligible notice, via the Pipeline Plus System
- The eligible notice will list purchase conditions relating to the PHIF MI certificate

Keystone Home Loan Program

Appendix G: PHIF Guidelines

Keystone Home Loan Program

Form 3: Mortgagor's Affidavit Upfront & at Closing

Keystone Home Loan Program

Federal Recapture Tax

Form 4

Only applies if borrower:

- Sells home within 9 years
- Make a gain on sale
- Over income limit for tax
- Filed with Federal Income Taxes for the year home is sold
- Recapture Tax Reimbursement by PHFA
- Calculate maximum tax: $6.25\% \times \text{loan amount}$

Keystone Flex Loan Program

Keystone Flex Loan Program

Under the Keystone Flex Loan Program, there are three home loan products offered:

- **Keystone Flex (K-Flex) with K-FIT (Purchase only)**
- Keystone Flex (K-Flex) Purchase & Improvement (up to \$30,000) with K-FIT (Purchase only)
- Keystone Flex (K-Flex) (Refinance only, available for all loan types except RD)

Keystone Flex Loan Program

Program Details

Eligible Products- Conventional, FHA, VA, RD with fixed rate & 30-year term

Underwriting:

- Conventional - DU
- FHA & VA Loans - DU or LP
- RD Loans - GUS only
- Manual UW- Conventional-N/A , Gov't - Follow Gov't entity guidelines

Income Requirements:

- **Appendix F:** Income limit for all counties
- Purchase Price limit for all counties
- Reflects max **QUALIFYING** income for all borrowers

Keystone Flex Loan Program

Program Details

Maximum DTI:

- 50.0% (Conventional Only)
- 45.0% FHA, VA & RD
- Manually underwritten files must follow gov't entity guidelines

Maximum LTV/CLTV:

- Conventional 95%-97% w/DU Approve/Eligible Findings
- FHA,VA,RD – follow entity guidelines

Keystone Flex Loan Program

Product Details

First-time Homebuyer Requirement- none

Non-traditional Credit- N/A

Subordinate Financing:

- K-FIT
- Access Modification Loan

Keystone Flex Loan Program

Product Details

Mortgage Insurance- FHA, VA, RD requirements apply. Conventional MI
Provided by PHFA through PHIF only

Renovation Programs:

- Purchase and Improvement
- Access Modification Loan

Minimum Borrower Contribution- The lesser of 1% or \$1000- purchases only

Keystone Flex Loan Program

Asset Limitations - The borrower's liquid assets may not be greater than \$50,000 **after** deducting the loan closing funds.

This includes:

- cash
- checking and savings accounts balances
- stocks, bonds, certificates of deposit and similar liquid accounts
- Funds from retirement accounts, such as 401(k)'s, IRAs, and pension funds, will only be considered if they can be withdrawn **without penalty** due to the borrower meeting the age requirement of 59 ½ and/or being retired

The background is a solid teal color with a subtle texture. It is decorated with white line-art icons related to finance and business. These include stacks of money, individual coins, a piggy bank, a bar chart, a hand holding coins, and a hand holding a stack of bills. The icons are scattered around the perimeter of the page.

Questions?

Assistance Programs

Keystone Forgivable in Ten Years Loan Program (K-FIT)



K-FIT KEYSTONE FORGIVABLE
IN TEN YEARS
LOAN PROGRAM

Get Set...Go!

Keystone Forgivable in Ten Years Loan Program

- **K-Fit** is a **forgivable**, second lien loan (this is not a grant) that is used in conjunction with the Keystone Home Loan and Keystone Flexible Loan Program only. It provides downpayment and/or closing cost assistance. Funds are available year-round

Refer to Chapter 4 of the Sellers Guide – Assistance Programs

Keystone Forgivable in Ten Years Loan Program

K-FIT:

- First Mortgage Loan Program-Keystone Home Loan (KHL) & Keystone Flex (K-Flex) only
- FICO- 660
- Homebuyer Education- Above 680 only one borrower must attend in-person or remote homebuyer education from a PHFA approved counseling agency. Below 680 requires all borrowers to attend in person counseling
- Mortgage Amounts- 5% purchase price or appraised value with no maximum dollar amount
- Term/Repayment- Forgiven 10% per year over 10-year period. Prorated repayment is required upon the sale or transfer or nonowner occupancy of the property, prior to the full forgiveness period

Maximum financing required

Keystone Forgivable in Ten Years Loan Program

K-FIT:

- Minimum Loan amount of at least \$500
- No interest and no payments for the time period of the loan
- Maximum financing is required
- May not be combined with other PHFA assistance programs except for the Access Modification Loan Program
- Cannot be resubordinated when refinancing

Keystone Forgivable in Ten Years Loan Program

Any loan forgiveness of \$600 or more must be reported to the IRS. Borrowers may expect to receive an information return (1099-C) from PHFA each year in which at least \$600 of principal is forgiven.

This information is included in the note.

K-FIT Note: 54K-FIT

K-FIT Mortgage: 55K-FIT

Keystone Forgivable in Ten Years Loan Program

Non-Qualifiers:

- K-FIT funds may not be used to fund down payment in excess of the applicable minimum required depending on the loan type. The rest goes toward closing cost
- K-FIT can not be used to finance the VA or RD guaranty **fees** or the FHA Upfront Mortgage Insurance Premium since those items may be financed by the first mortgage

Keystone Forgivable in Ten Years Loan Program

Lender Instructions and Procedures

Locking of Funds:

Locked simultaneously with the Keystone Home Loan and other options under the Keystone Flex Loan program.

- Amount requested may be entered as subordinate financing or as an “Other Liquid Asset” in DU for KHL and K-Flex Conventional program
- For KHL and K-Flex government loans, the K-FIT loan may be entered as subordinate financing or as an asset
- The PHFA Pre-Closing Package Review Results will indicate whether the K-FIT loan was approved, and if so, for how much

Keystone Forgivable in Ten Years Loan Program

Lender Instructions and Procedures

Closing Procedures:

- The first mortgage closes in the lender's name, but the subordinate K-FIT loan closes in PHFA's name
- Lenders are responsible for completing the Loan Estimate and Closing Disclosure for the subordinate K-FIT loan using industry-standard and compliant forms
- Except for the cost to record the Mortgage and a reasonable notary fee, no additional fees may be charged on a PHFA subordinate assistance loan

Keystone Forgivable in Ten Years Loan Program

Form 56LE and Form 57CD

Loan Estimate

DATE ISSUED _____
 APPLICANTS _____
 PROPERTY _____
 SALES PRICE _____

LOAN TERM 10 years
 PURPOSE Purchase
 PRODUCT Fixed Rate
 LOAN TYPE Conventional FHA VA _____
 LOAN ID # _____
 RATE LOCK Yes, until _____
Before closing, your interest rate, points and lender credits can change unless you lock the interest rate. All other estimated closing costs expire on _____

Loan Terms	Can this amount increase after closing?	
Loan Amount	_____	NO
Interest Rate	0%	NO
Monthly Principal & Interest <small>See Projected Payments below for your Estimated Total Monthly Payment</small>	\$0.00	NO
Does the loan have these features?		
Prepayment Penalty		NO
Balloon Payment		NO

Projected Payments							
Payment Calculation	Years 1-10						
Principal & Interest	0						
Mortgage Insurance	+ 0						
Estimated Escrow <small>Amount can increase over time</small>	+ 0						
Estimated Total Monthly Payment	\$0.00						
Estimated Taxes, Insurance & Assessments <small>Amount can increase over time</small>	<table border="0"> <tr> <td>\$0.00</td> <td> This estimate includes <input checked="" type="checkbox"/> Property Taxes <input checked="" type="checkbox"/> Homeowner's Insurance <input type="checkbox"/> Other: _____ </td> <td> In escrow? NO NO </td> </tr> <tr> <td>a month</td> <td colspan="2"><small>See Section G on page 2 for escrowed property costs. You must pay for other property costs separately.</small></td> </tr> </table>	\$0.00	This estimate includes <input checked="" type="checkbox"/> Property Taxes <input checked="" type="checkbox"/> Homeowner's Insurance <input type="checkbox"/> Other: _____	In escrow? NO NO	a month	<small>See Section G on page 2 for escrowed property costs. You must pay for other property costs separately.</small>	
\$0.00	This estimate includes <input checked="" type="checkbox"/> Property Taxes <input checked="" type="checkbox"/> Homeowner's Insurance <input type="checkbox"/> Other: _____	In escrow? NO NO					
a month	<small>See Section G on page 2 for escrowed property costs. You must pay for other property costs separately.</small>						

Costs at Closing	
Estimated Closing Costs	Includes _____ in Loan Costs + _____ in Other Costs – _____ in Lender Credits. <small>See page 2 for details.</small>
Estimated Cash to Close	Includes Closing Costs. <small>See Calculating Cash to Close on page 2 for details.</small>

Visit www.consumerfinance.gov/mortgage-estimate for general information and tools.



Loan Estimate

DATE ISSUED

APPLICANTS

PROPERTY

SALES PRICE

Complete all sections in compliance with TRID

LOAN TERM 10 years

PURPOSE Purchase

PRODUCT Fixed Rate

LOAN TYPE Conventional FHA VA _____

LOAN ID # Lender Loan #/Universal Loan ID #

RATE LOCK Yes, until

Before closing, your interest rate, points and lender credits can change unless you lock the interest rate. All other estimated closing costs expire on **Provide Date**

Loan Terms	Can this amount increase after closing?	
Loan Amount	K-FIT \$ Amount	NO
Interest Rate	0%	NO
Monthly Principal & Interest <small>See Projected Payments below for your Estimated Total Monthly Payment</small>	\$0.00	NO
	Does the loan have these features?	
Prepayment Penalty		NO
Balloon Payment		NO

Projected Payments	
Payment Calculation	Years 1-10
Principal & Interest	NO PAYMENTS 0
Mortgage Insurance	K-FIT is a + 0
Estimated Escrow <i>Amount can increase over time</i>	forgivable loan + 0
Estimated Total Monthly Payment	\$0.00
Estimated Taxes, Insurance & Assessments <i>Amount can increase over time</i>	<p>\$0.00 a month</p> <p>This estimate includes</p> <ul style="list-style-type: none"> <input checked="" type="checkbox"/> Property Taxes <input checked="" type="checkbox"/> Homeowner's Insurance <input type="checkbox"/> Other: _____ <p><i>See Section G on page 2 for escrowed property costs. You must pay for other property costs separately.</i></p> <p>In escrow? NO NO</p>
Costs at Closing	
Estimated Closing Costs	<p>For K-FIT: Only closing costs permitted are recording fee & notary fee. All other costs are charged on the 1st mortgage</p> <p>Includes _____ in Loan Costs + _____ in Other Costs – _____ in Lender Credits. <i>See page 2 for details.</i></p>
Estimated Cash to Close	Includes Closing Costs. <i>See Calculating Cash to Close on page 2 for details.</i>
Cash to close the K-FIT loan only	

Visit www.consumerfinance.gov/mortgage-estimate for general information and tools.

Loan Assumptions

Chart & Guidelines located in PHFA Seller's Guide (Ch. 3)

- i. *Program Assumptions.* When completing the Loan Estimate and Closing Disclosures, please keep in mind that not all PHFA loan products are eligible for assumption. For more information, please see the chart below:

Program	Assumable
HFA Preferred™ & HFA Preferred Risk Sharing™	No
Keystone Government Loans (K-Gov) FHA & VA Loans	Yes
Keystone Government Loans (K-Gov) RD Loan	No
Keystone Home Loans (KHL) Conventional, FHA & VA Loans	Yes
Keystone Home Loans (KHL) RD loan	No
Keystone Flex Loans (K-Flex) Conventional, FHA & VA Loans	Yes
Keystone Flex Loans (K-Flex) RD Loans	No
Keystone Advantage Assistance Loan	Yes
Keystone Forgivable in Ten Years Loan (K-FIT)	Yes
Renovate & Repair (R&R)	No
Pennvest	No
Homeowners Energy Efficiency Loan Program (HEELP)	No
Refinance to an Affordable Loan (REAL)	No
Homeowner's Equity Recovery Opportunity (HERO)	No

Keystone Advantage Assistance Loan

Keystone Advantage Assistance Loan

- **FICO**- 660
- **Mortgage Amounts**- 4% of purchase price or appraised value or \$6,000 (whichever is less)
- **Term/Repayment**- 0% interest rate over 10-year period. Monthly principal payments are required

Keystone Advantage Assistance Loan

Pairs with:

- Keystone Home Loan
 - Keystone Government Loan
 - HFA Preferred™
-
- The minimum loan amount is \$500. Any excess funds must be used to cover closing costs
 - May not be used to finance the VA or RD guaranty fees or the FHA Upfront Mortgage Insurance Premium - those items may be financed by the first mortgage
 - Maximum financing required

Keystone Advantage Assistance Loan

54ADV Advantage Note
55ADV Advantage Mortgage
Form 56LE
Form 57CD

Reports and Notices

PRE-CLOSING PACKAGE REVIEW RESULTS

10/27/2022

ELIGIBLE

The following loan has been approved by PHFA, subject to any conditions listed below. If you have questions concerning this approval or if any of the information listed below is incorrect, please contact the Agency at PreClosing@phfa.org.

NOTE: Price shown assumes post-purchase conditions are cleared within 30 days of purchase and does not include any applicable loan-level pricing adjustments such as for FICO or property type. Loans purchased by PHFA 30 days after the lock expiration date are subject to worse case-reprice.

Name(s) of Borrower(s):

Pre-Closing Eligible Date: 10/27/2022
Expiration Date: 11/10/2022
Interest Rate: 5.875 %
Price: 102.375
Mortgage Amount: \$148,410.00
PHFA Loan #:
PHFA Contact:

Property Address:

UPPER DARBY, Pa. 19082-1322

Keystone Home Loan KFIT
Conventional

Loan Purpose:

* Purchase *

ASSISTANCE APPROVED:

Assistance totaling \$7,650 has been approved for this loan. Under the terms of the Master Origination and Sale Agreement and the Seller's guide, at closing PHFA has a legally enforceable obligation to provide the funds for the assistance.

PURCHASE CONDITIONS: Attach documentation to clear the items listed below to a copy of this notification and upload at the same time as the purchase package.

1. You will be responsible to ensure that the purchase package contains the documentation needed to satisfy the Fannie Mae DU findings report Verification Messages/Approval Conditions. In addition, all Day 1 Certainty Vendor Reports will be required as applicable.
2. Provide a verbal verification of employment for each borrower within 10 calendar days prior to the Note date. For self-employed borrowers under the HFA program, the verbal VOE can be within 120 calendar days of the Note date. For military income, a military Leave & Earnings Statement (LES) dated within 30 calendar days prior to the note date is acceptable.
3. A Keystone Forgivable in Ten (KFIT) loan has been approved for this file. This loan must be in second lien position. Borrower(s) cannot receive cash back at closing.
4. This loan has been approved for mortgage insurance through PHIF. A copy of the PHIF Certificate is available in Pipeline Plus.

10/20/2022

PRE-CLOSING PACKAGE REVIEW RESULTS

INELIGIBLE

The following loan is ineligible for sale to PHFA for the reason(s) listed below. Once all of the appropriate documents have been obtained, upload to PHFA. Upon satisfactory clearance of all items, an Eligibility notice will be issued.

Name(s) of Borrower(s):

Property Address:	Pre-Closing Ineligible Date:	10/20/2022
JIM THORPE, PA 18229	Expiration Date:	11/21/2022
	Interest Rate:	6.375 %
Keystone Home Loan KFIT	Mortgage Amount:	\$147,283.00
FHA 203B	PHFA Loan #:	
	PHFA Contact:	

-
1. Provide DU Findings Report.
 2. Rework loan. Borrower must keep \$1000 of his own funds in the transaction. This has to be above and beyond the credit card payoff of \$196.90. The 1003 you submitted shows borrower getting back \$1911.59. In this case before any changes are made the borrower could only get back \$714.69. Just keep this in mind when reworking loan.
 3. The seller assist can only be \$6000 as per the Agreement of Sale
 4. The credits from the borrower are \$1000 EMD and \$575 Appraisal fee
 5. Provide the initial Loan Estimate
 6. Gift of \$3000 has already been deposited. Mark the 1003 as Deposited and corrected the Key Bank balance to show \$3261.99. Resubmit into DU with this correction.
 7. DU needs to reflect the wording that there is a gift but the actual gift should not be reflected with the assets.
 8. Provide DU, 1003 and 92900LT with all changes.

Address Discrepancies

Please Note:

For any address discrepancies - A condition will be placed on all Pre-Closing Eligible notices to explain:

- Provide an explanation from the borrower regarding any address discrepancies on the credit report or any documents provided by the borrower which do not appear in the residency history on the 1003.

If there are no address discrepancies a signed certification from the lender will be required. The explanation or certification must be provided with the purchase package.



Questions?

Contact Info

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717.480.5369

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Pre-Closing Unit

General Pre-Closing questions: preclosing@phfa.org

Counseling

Terri L. Redmond

tredmond@phfa.org

717.780.3907

THANK YOU FOR YOUR TIME AND ATTENTION

www.phfa.org