



PHFEA

PENNSYLVANIA HOUSING FINANCE AGENCY

FINANCING OPTIONS TO HELP SEAL THE DEAL



Tom Wolf, Governor

Brian A. Hudson, 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

What is PHFA?

- We are a home loan investor
 - ▣ We provide funding for homebuyers to purchase homes through participating lenders
- Created in 1972- Homeownership in 1982
- Headquarters in Harrisburg, PA
- PHFA has invested over \$13.1 billion in home loans for potential Pennsylvania homeowners
- Provided home loan funding to more than 167,300 homeowners

PHFA Advantages



**WHY SHOULD I CHOOSE A
PHFA MORTGAGE?**



What are some buyer types?

- First time homebuyers
- Repeat buyers
- Married/Single with Children
- Unmarried Couples
- Single Female/Single Male
- Buyers that are multi-generational

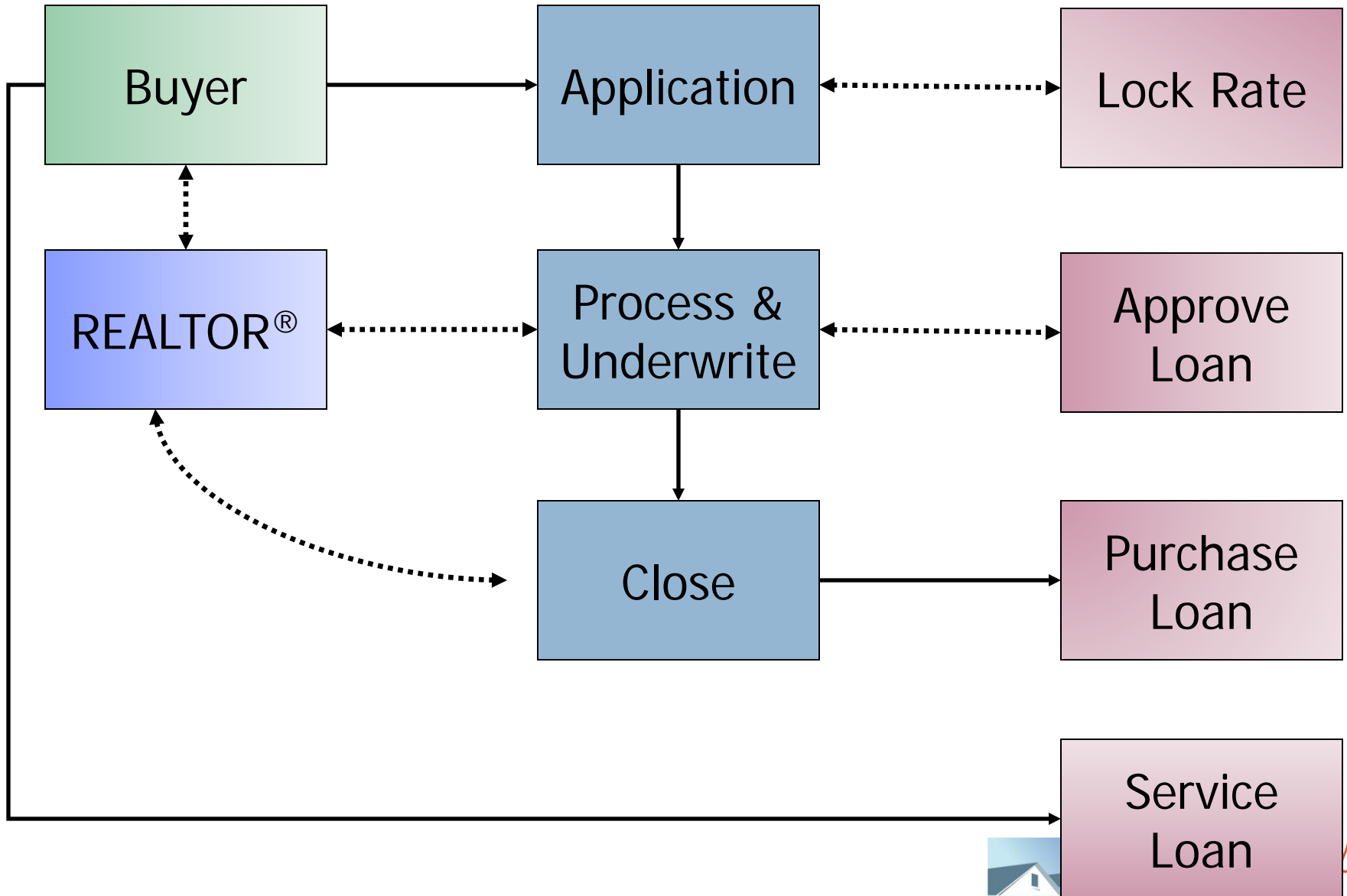
PHFA Advantages

- ❑ PHFA has different loan programs to meet the different home purchase needs of PA homebuyers
- ❑ Homebuyer tax credit
- ❑ Home purchase/refinance loan options
- ❑ Assistance programs
- ❑ Competitive interest rates and affordable mortgage terms
- ❑ Free homebuyer education
- ❑ Over 80 lending partners throughout PA
- ❑ Loan servicing provided by PHFA

BUYER

LENDER

PHFA



Products to help seal the deal

Conventional Financing

- HFA Preferred Risk Sharing™
- HFA Preferred™
- Keystone Home Loan (80% max)

Government Financing

- Keystone Home Loan
- Keystone Government (K-Gov) loan

Conventional Options

Conventional Loan Programs

HFA Preferred Risk Sharing™

- Slightly higher rate but NO mortgage insurance is required

HFA Preferred™

- Mortgage insurance provided by a Fannie-approved insurer

HFA Preferred Risk Sharing™/ HFA Preferred™

- ❑ For purchase and limited cash-out refinance
 - ❑ More details on refis later...
- ❑ No first-time homebuyer requirement
- ❑ Must meet HFA income limits
 - ❑ Region 1 (Bucks, Chester, Delaware, Montgomery & Philly)
\$113,500
 - ❑ All other counties \$95,620
 - ❑ Appendix B
 - ❑ Gross, annual income projected over the next 12 months
 - ❑ Calculated on ALL adults who intend to occupy the home within one year from loan closing

HFA Preferred Risk Sharing™/ HFA Preferred™

- Up to 97% financing
- Borrower must have a FICO score of at least 620
- Maximum DTI 50%
- Borrowers must contribute the lesser of 1% or \$1,000 from their own funds
 - Balance of required funds to close may come from PHFA Advantage loan and/or Fannie approved CommunitySeconds®
- Maximum Combined Loan to Value- 105%
- Both offer downpayment and CCA

HFA Preferred Risk Sharing™/ HFA Preferred™

- Eligible Properties
 - One unit properties only
 - No duplexes
 - Condos , PUDs and Manufactured Housing are acceptable
- Property must be primary residence

Government Options

Keystone Home Loan

- ❑ First time homebuyer requirement except in targeted counties & for veterans
- ❑ Income and purchase price limits apply
- ❑ Borrowers must contribute the lesser of 1% or \$1,000 of their own funds (FHA loans only)
- ❑ Borrowers must have a FICO score of at least 620
- ❑ Maximum DTI 45%
- ❑ FHA, VA or RD financing available
- ❑ Conventional available at 80% LTV
 - ▣ Maximum DTI 50% (Conventional loans only)
- ❑ Offers downpayment and CCA for government loan types

KHL limits:

Some surrounding counties:

County	Purchase Price Limit	1 & 2 Member Households	3 or more Member Households
Philadelphia (T)	\$424,100	\$99,800	\$116,400
Dauphin	\$253,800	\$74,700	\$85,900
Lancaster	\$253,800	\$71,100	\$81,700
Allegheny	\$253,800	\$72,600	\$83,400

For locks made on or after 5/15/2017

Keystone Government (K-Gov)

- ❑ Loans insured/guaranteed by FHA, VA or RD
- ❑ Borrower must have a FICO score of at least 620
- ❑ Maximum DTI 45%
- ❑ No PHFA specific limits
- ❑ No PHFA first time homebuyer requirements
- ❑ Borrower must contribute the lesser of 1% or \$1,000 of their own funds (FHA loans only)
- ❑ One or two unit dwellings, condos or manufactured homes
- ❑ Offers downpayment and CCA for all loan types
- ❑ What's the difference between Keystone Home Loan & K-Gov?

Assistance Programs

Mortgage Credit Certificate: MCC's

- An MCC is an actual paper certificate that allows a homebuyer to claim a federal tax credit of up to \$2,000 annually, for the life of the original mortgage, as long as it remains the homeowner's principal residence.
- A PHFA MCC is given to eligible homebuyers who are using a PHFA First Mortgage to purchase their home. There is no fee for this certificate.
- The credit only expires if the homeowner sells, pays off mortgage or no longer utilizes the home as their principal residence.
- Refer to MCC Factsheet (PHFA Form 2) for more details

What is a Mortgage Credit Certificate?

- Homeowners can claim a tax credit of up to 50% of the mortgage interest they pay each year, not to exceed \$2,000 annually.
- The remaining mortgage interest paid may be claimed as a deduction per IRS guidelines.
- The tax credit can not be more than the tax liability (unlike the First-time Homebuyer Tax Credit)

Mortgage Credit Certificate

Loan Amount	Credit Rate
Up to \$100,000	50%
\$100,000 - \$150,000	40%
\$150,001 - \$200,000	30%
\$200,001 +	20%

- ❑ The \$2,000 limit does not apply to the credit rate of 20%

MCC Example A	
Mortgage Amount	\$125,000
Mortgage Interest rate (\$5,000)	X 4.00
MCC credit rate	X .40
Eligible Credit Amount	\$ 2,000

MCC Example B	
Mortgage Amount	\$225,000
Mortgage Interest rate (\$9,000)	X 4.00
MCC credit rate	X .20
Eligible Credit Amount	\$ 1,800

- ❑ The credit can not exceed the amount of the federal tax owed after all other credits and deductions have been taken.
- ❑ Example A: The borrower may receive a maximum of \$2,000 in the form of a tax credit and the remaining \$3,000 as a standard mortgage deduction using 'Schedule A' of their annual federal tax return
- ❑ Example B: The borrower may receive a maximum of \$1,800 in the form of a tax credit and the remaining \$7,200 as a standard mortgage deduction using 'Schedule A' of their annual federal tax return

MCC Requirements

- ❑ An MCC can be given in conjunction with a PHFA first mortgage using:
 - ✓ Keystone Government (K-Gov)
 - ✓ HFA Preferred Risk Sharing No MI
 - ✓ HFA Preferred Lo MI

- ❑ Due to the source of funds, MCC **can not** be used with the Keystone Home Loan program.

- ❑ Purchases only no refi's

Eligibility Requirements

- ❑ MCC borrowers may also qualify for an Advantage Assistance Loan in addition to the MCC.
- ❑ Eligible borrowers must meet the requirements for the PHFA first mortgage program, in addition to the requirements for the Keystone Home Loan program since the funding for the MCC program comes from the same source.
- ❑ The following Keystone Home Loan eligibility requirements must be met:
 - ✓ First-time Homebuyer
 - ✓ Income Limit
 - ✓ Purchase Price Limit

Why do we think MCCs will be good for business?

Mortgage Interest Paid

\$120,000 Loan Amount	K-Gov Interest Paid (4.25%)	Effective K-Gov Interest (4.25%) with MCC (40% Tier)	Savings
Year 1	\$5,061	\$3,061	\$2,000
Years 1-10	\$46,171	\$27,702	\$18,468
Years 1-20	\$79,307	\$47,584	\$31,722
Years 1-30	\$92,518	\$55,511	\$37,007

Keystone Advantage Assistance Loan

- ❑ Downpayment and/or closing cost assistance for eligible homebuyers
- ❑ Assistance available for purchase or refinance loans
- ❑ Existing homes: 4% of purchase price, capped at \$6,000
- ❑ Newly- constructed: up to \$6,000
- ❑ 0% interest rate amortized over 10 year term
- ❑ Can only be used with PHFA first mortgages, but not Keystone Home Loan- Conventional
- ❑ Assistance funding is based on need

Access Modification Loans

For Persons with Disabilities

Access Home Modification Loan

- With any PHFA home purchase program
- Conventional, FHA or RD
- \$1,000 to \$10,000 soft/silent subordinate mortgage
- Repayment is not required as long as buyer occupies home
- Modifications to be completed within 90 days of closing

Access Downpayment & CCA

- Used with a PHFA first AND a PHFA Access Home Modification Loan
- Household income can't exceed \$54,800
- \$1,000 to \$15,000
- Subordinate loan
- Borrowers must need maximum financing (may not have more than 3-5% down)

Refinance Options

Refinance Options

- HFA Preferred Risk Sharing™
 - No mortgage insurance
- HFA Preferred™
 - Lo mortgage insurance
- Limited Cash-Out Refinance
- Cash back limited to lesser of 2% of the balance of the new loan or \$2,000
- Available for all loans types
- HFA guidelines for refinances is same as for purchase loans

Refinance Options

- FHA/VA Streamline Refinance
 - ▣ Only for existing FHA/VA homeowners
 - ▣ New loan can only include:
 - The outstanding principal balance
 - ▣ No credit score or appraisal overlays

Special Initiatives Products

HEELP

- Homeowner's Energy Efficiency Loan Program (HEELP) is a loan for specific energy efficiency repairs
 - ▣ Air sealing, insulation ductwork, energy efficient windows and doors, energy efficient heating & cooling system repairs/replacements, roof replacements
- Fixed rate at 1% over 10 year term
- First mortgage could be with a different investor
- Borrower must meet HEELP income limits

Pennvest

- Assistance for eligible homeowners needing to repair or replace on-lot septic system and first time connection to a public sewer.
- Interest rate 1.75% with terms up to 20 years (no prepayment penalty)
- Maximum loan amount \$25,000
- No income limits

Homebuyer Education

Homebuyer Education

- Counseling is FREE!
- PHFA has a network of homeownership counseling agencies throughout the state
 - ▣ Listed by county at www.phfa.org
- Homebuyer counseling is available to any PHFA borrower who would like to attend
 - ▣ Required for all those with FICO < 680
- PHFA Online Homebuyer course available



Contact us for Training Opportunities

- ▣ Informational sessions
- ▣ Lunch and learns
- ▣ Partnership information

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5/5/17



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