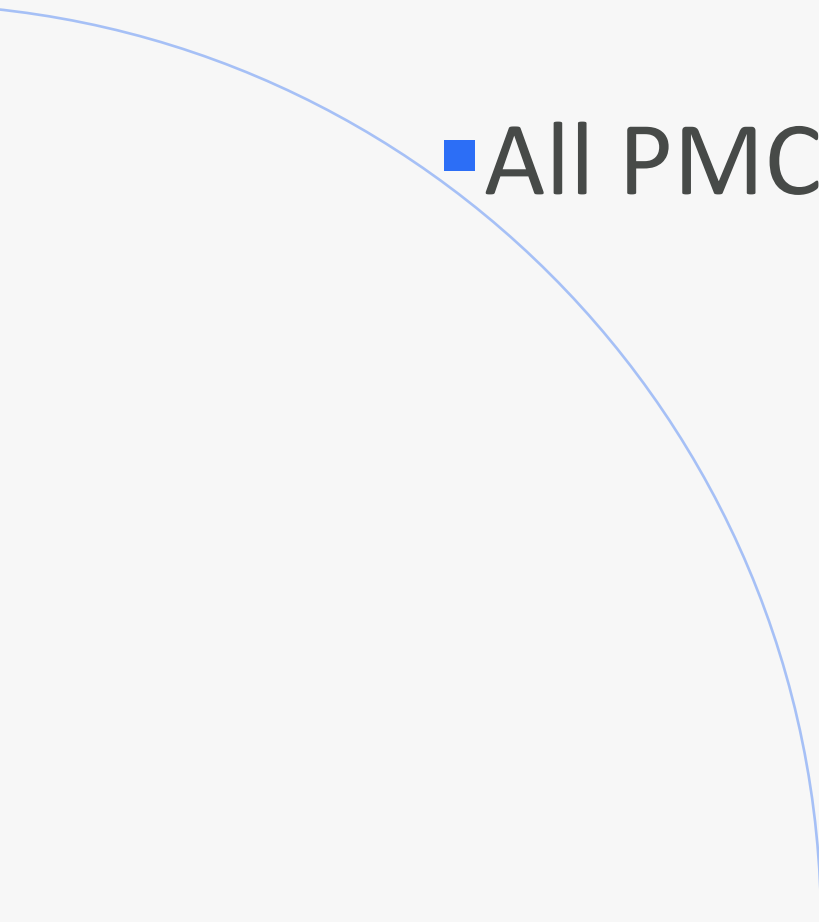
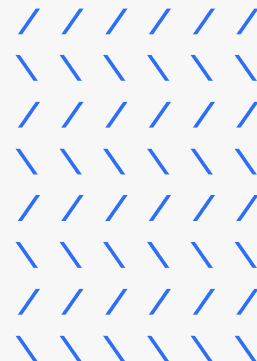


Philly First PA DPA Sales & Operations Program Summary

Training & Rollout Date: December 1, 2023

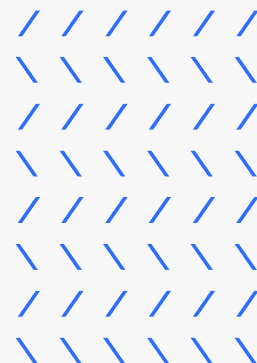
Income Guidelines Updated on Slide 8 on January 25, 2024

Who is eligible to participate at PMC



- All PMC Loan Officers licensed in PA!

Why and How to Use this DPA Product



Homeownership: This product helps more first-time homebuyers purchasing a home in the City of Philadelphia, PA, to obtain the dream of homeownership by the availability of this 0% interest loan, with no monthly payments, that can be applied towards down payment and closing costs. The max loan amount is the lesser of \$10,000 or up to 6% of the sales price. The grant funds are on a first-come, first-served basis.

A first-time homebuyer is defined as an individual who has not owned a home within the last 3 years. This applies to all borrowers. (This is further defined later in the presentation.)

How does it work:

The borrower must complete a FREE City-funded homeownership counseling program **BEFORE** a sales contract is signed. The borrower must meet income eligibility requirements and the property must be a habitable single-family home or a duplex located in Philadelphia (no condos or co-ops).

The loan is a 15-year forgivable DPA at a 0% interest rate. There are no monthly payments. The borrower must occupy the subject property for the full 15-year term of the lien for the assistance to be fully forgiven.

The Philly First Home Program, after approving a borrower (or “borrowers”), provides a loan at closing memorialized by the execution of a promissory note, security instrument, and a few other closing documents. This loan must be repaid in full if any of the following 2) If the borrower(s) ceases to occupy the subject property as a primary residence.

Program Codes

- Note that PMC is currently offering this product in combination with Conventional, FHA, VA, or USDA first mortgages.
- Choosing the correct program at the outset is essential so that the automated conditions associated with the Philly First DPA will populate.



1st Trust Program Code: (Cannot be standalone—must be combined with DPA)

- *Philly First Conv Fix30*
- *Philly First FHA Fix30*
- *Philly First VA Fix30*
- *Philly First USDA Fix30*

2nd Trust Program Code:

- *Philly First DPA 2nd* (Conventional)

The Borrower Summary V1 Screen should reflect "Yes" for this section and define "Philly First" as a Piggyback Loan type:

Will there be a Piggy Back Loan with this loan ?

If yes, Piggyback type

Create PiggyBack Loan

DPA Key Parameters

Understanding the Limits

- Occupancy must be a primary residence; transaction must be a purchase.
- Maximum DPA loan amount: The lesser of \$10,000 or 6% of the sales price.
- Once the potential homebuyer completes the Philly First Home Assistance Program one-on-one education counseling* (which must be done before signing an agreement of sale) and then the potential homebuyer is subsequently approved for the Philly First Home Grant—the applicant must close on a home within 90 calendar days of the grant approval date.
- Max LTV is 100%. Max CLTV: Per applicable agency program guidelines.

* Offered by a Division of Housing and Community Development (DHCD) funded pre-purchase housing counseling agency.

DPA Key Parameters

Understanding the Limits

- Max ratios: 38.00/45.00 (Philly First requirement—no exception available)
- Loans must meet all 1st mortgage program requirements.
- For conventional loans with an LTV greater than 80%, the mortgage insurance must be non-delegated (PMC overlay). Philly First will accept all of the major MI companies with whom PMC does business.
- No HPML Loans; no high-cost loans.
- Borrower cannot have received a Philly First grant previously.
- The following are not permitted: No 203(k) loans, balloon notes, interest only loans, adjustable-rate mortgages, no doc, or stated income loans.

DPA—First Time Homebuyer Requirements

Understanding the Requirements

Definition of First-time Homebuyer:

- An individual who has had no ownership in a principal residence during the 3-year period ending on the date of the purchase of the property. This includes a spouse (if meets the above test, they are considered first-time homebuyers).
- A single parent who has only owned with a former spouse while married.
- An individual who is a displaced homemaker and has only owned with a spouse.
- An individual who has only owned a principal residence not permanently affixed to a permanent foundation in accordance with applicable regulations.
- An individual who has only owned a property that was not in compliance with state, local, or model building codes, and which cannot be brought into compliance for less than the cost of constructing a permanent structure.

DPA—Income Limits

Understanding the Limits

- The projected gross household income, expected to be received over the next 12 months, may not exceed the following limits (which are based on total household members):

Income guidelines	
Household Size	Maximum Annual Family Income
1	\$80,100
2	\$91,550
3	\$103,000
4	\$114,400
5	\$123,600
6	\$141,900
7	\$151,050
8	\$160,200
For households larger than eight, add approximately \$9,150 per person. (Income guidelines subject to change) This program and grant is restricted to households at or below 100% of AMI	

Household members include all members over the age of 18. If they are over 18 and a full-time student, they are not counted towards the household income. If they are over 18 and have no income, a "Certification of Zero Income" form may be required. A non-working spouse may also need to sign the form.

*Income limits are re-evaluated annually by the City of Philadelphia.

DPA—Income Documentation

Understanding the Requirements

-
- Apart from meeting the income documentation requirements for the first trust program, Philly First DPA will also require the last 3 years tax transcripts for all borrowers, as well as income-related documents for working household members and any elderly seniors on fixed income (such as social security).

DPA—Property Types

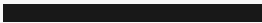
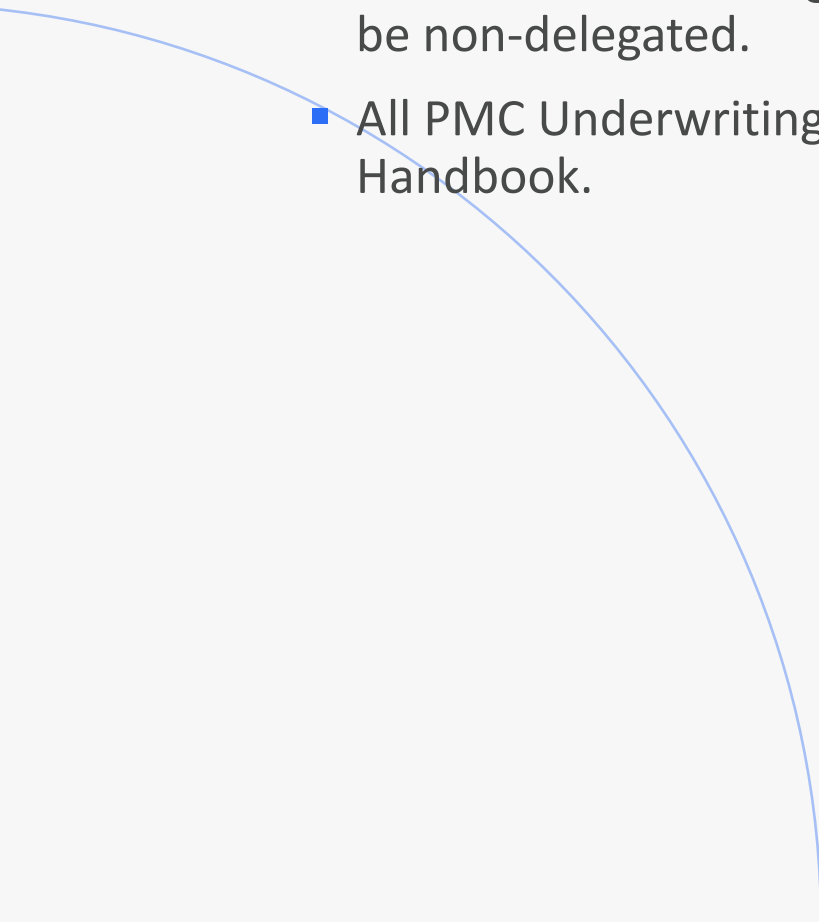
Understanding the Collateral Parameters

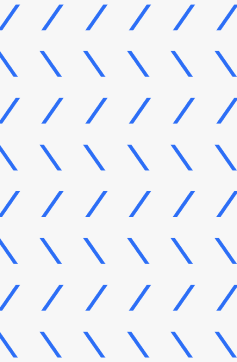
- 1-unit properties only (SFD, PUD, Duplex, or Doublewide* Manufactured Home)
- No 2-4-unit properties
- No leaseholds
- No condos
- No Co-ops
- Property must meet 1st mortgage program requirements as well.

*PMC Overlay

DPA—PMC Overlays

Understanding the Limits

- 
- If Conventional Mortgage Insurance (MI) is required for the first trust program, it must be non-delegated.
 - All PMC Underwriting Overlays apply, as outlined in the PMC Policy & Procedure Handbook.
- 



DPA--Locking the Loan

Understanding the Process

- In Optimal Blue, you will lock the first trust as a FNMA/FHLMC/FHA/VA/USDA loan, and secondary financing must be entered on the first trust then indicate “Yes” under Community/Aff Second—see below:

Loan Information

• Price/Estimated Value	• Appraisal Amount	Loan Purpose
225000	225000	Purchase
• LTV	CLTV New	HCLTV
95.00	99.44	
Waive Escrows	Com/Aff Second	
No	Yes	

DPA--Locking the Loan

Understanding the Process

- Responsibility for locking the 2nd trust loan: N/A since it does not require locking as it is a community 2nd trust with a 0% rate.
 - The 1st trust will be sold to PMC investors/agencies. The 2nd trust is table-funded by Philly First DPA.
 - Important note: When the 1st trust is locked, Optimal Blue will override the 1st trust program code to a standard FNMA/FHLMC/FHA/VA/USDA program code. It will not change the 2nd trust program code. Therefore, within operations, once the loan is locked, it will not be immediately apparent from a pipeline view that the 1st trust is associated with a Philly First DPA 2nd mortgage for assignment or pipeline purposes. Processors, Underwriters, and Closers will be following the auto-populated conditions on the loan and will know from the CLTV that there is a 2nd trust. They can also check the Borrower Summary V1 screen to see the type of associated 2nd mortgage, which will show “Philly First”.
- Refer to the Lock Desk Policies in the PMC Policy and Procedure Handbook for information on lock desk timeframes/service level agreements.

Philly First DPA Application

Understanding the Process

- Applicant completes the Philly First Homeownership Counseling with a Division of Housing and Community Development (DHCD) approved housing counseling agency.
- Upon successful completion of the homeownership counseling, after the applicant locates a property and executes a contract, the borrower will have 90 calendar days from the grant approval date to close on the purchase.
- It is critical that the applicant contacts the housing counselor once the sales contract is signed by the seller. The housing counselor will determine at that time the amount of the grant and how much of it will be put towards the downpayment and closing costs.
- The housing counselor must be provided a copy of the sales contract and loan estimate from the applicant to complete the grant request.
- Loan Processor is to partner with the applicant to ensure all required realtor/settlement agent docs are submitted to the housing counselor no later than 4 weeks in advance of the settlement date.
- Once the DHCD approves the grant, it forwards the loan to the PA Housing Development Corporation (PHDC).

Philly First DPA Application

Understanding the Process

- PHDC coordinates with the settlement agent.
- PHDC will prepare the grant 2nd mortgage documents and send to the title company.
- PHDC will send funds to the settlement agent 2 business days prior to settlement.
- Any inquiries about the settlement process should be directed to Brian Flynn-Pearson at phillyfirsthome@phila.gov .
- If there is a subsequent change of sales price, PHDC will contact DHCD to update the client application. The PHDC will issue revised docs.

Philly First DPA Submission

Understanding the Process

- PMC originates, discloses, processes, underwrites, and closes the first mortgage loan. PMC discloses the LE and CD on the 2nd mortgage loan and ensures the grant approval is received prior to closing. PMC follows up with PHCD to ensure they issue the 2nd mortgage docs and funds to the settlement agent.
- The PMC Processor is the responsible party for ensuring all required documentation is submitted to Philly First for grant approval.
- Once approval is received, a copy of the approval will be retained in the Encompass eFolder.

Questions/Scenarios

Where to Go for Help

- For any questions, PMC sales should email scenarios@princetonmortgage.com .
PMC needs visibility for any scenarios, and this also allows us to ascertain if there are additional training or resource needs.)
- Remember that for TBD files, we recommend utilizing the TBD process and submitting to underwriting for review.
- Resources:
 - PMC Hub—Policies, Procedures, and Products Tab—Click on the “Philly First DPA” Button.
 - The website for the DPA: <https://phdcphila.org/residents/homebuyers-and-renters/Philly-first-home> .

Contact Information for Philly First DPA

Our Philly First DPA Contact:

Brian Flynn-Pearson

Assistant Program Manager



O 1234 Market Street, 17th Floor | Philadelphia, PA 19107

W (215) 448-2110

F (215) 448-3133

C (267) 315-1655

E PhillyFirstHome@phila.gov

Pronouns: He/Him/His

Working Office/Remote Hybrid Schedule

Ops Responsibilities

Disclosure, Opening, & Appraisal Teams

The **Disclosure Desk** is responsible for disclosing the 1st trust and 2nd trust loans using the normal templates. Loan must comply with all ATR/QM requirements. Neither Rebuttable Presumption nor HPML are permitted.

For the 2nd trust, the only fees should be the recording fees and title company banking fees of \$30. (Separate title insurance is not required.)



Ops Responsibilities

Disclosure, Opening, & Appraisal Teams

The **Disclosure Desk** is responsible for checking that the homebuyer counseling took place PRIOR to the sales contract execution/ratification.

This is on the URLA Lender Screen—1st section regarding homeownership education:

Borrower	Co-Borrower
Copy from Borrower	
Has the Borrower completed homeownership education (group or web-based classes) within the last 12 months?	
☐ No ☒ Yes	
What format was it in (Attended Workshop in Person, Completed Web-Based Workshop)	
If HUD-Approved agency, provide Housing Counseling Agency #	
If not a HUD-approved agency, or unsure of HUD approval, provide name of the Housing Education Program	
Date of Completion	
URLA.X308	
Copy from Borrower	
Has the Borrower completed housing counseling	



Ops Responsibilities

Disclosure, Opening, & Appraisal Teams

Opening follow standard procedures

Appraisal Desk—follow standard procedures based on the first mortgage program.



Ops Responsibilities

Secondary Marketing

- 1** Receive in lock registration requests via Optimal Blue. Locks can only be done on real property transactions with sales contracts (no TBDs).
- 2** Lock the 1st trust loan following the normal procedures for conventional conforming FNMA/FHLMC/FHA loans. Secondary to ensure the aggregator will accept the community 2nd.



Ops Responsibilities

Processing Team

Series1

10/1

1

The Processor follows the standard loan processing flow with the following one addition: Order the last 3 years of IRS tax transcripts for all borrowers—regardless of whether the borrowers are wage-earners or self-employed.

2

Additional Forms required to send to the Philly First Housing Counseling: Sales contract, settlement notice and wire instructions, loan estimate, PHA Housing Choice Voucher Letter (if applicable), Conflict of Interest/Statement of Interest, First Time Homebuyer Certification/Verification. Additionally, documentation to support the eligibility including income, asset, and credit. Documents must be dated within 30 calendar days. Follow Philly First Home Grant Request Packet.



Ops Responsibilities

Underwriting Team

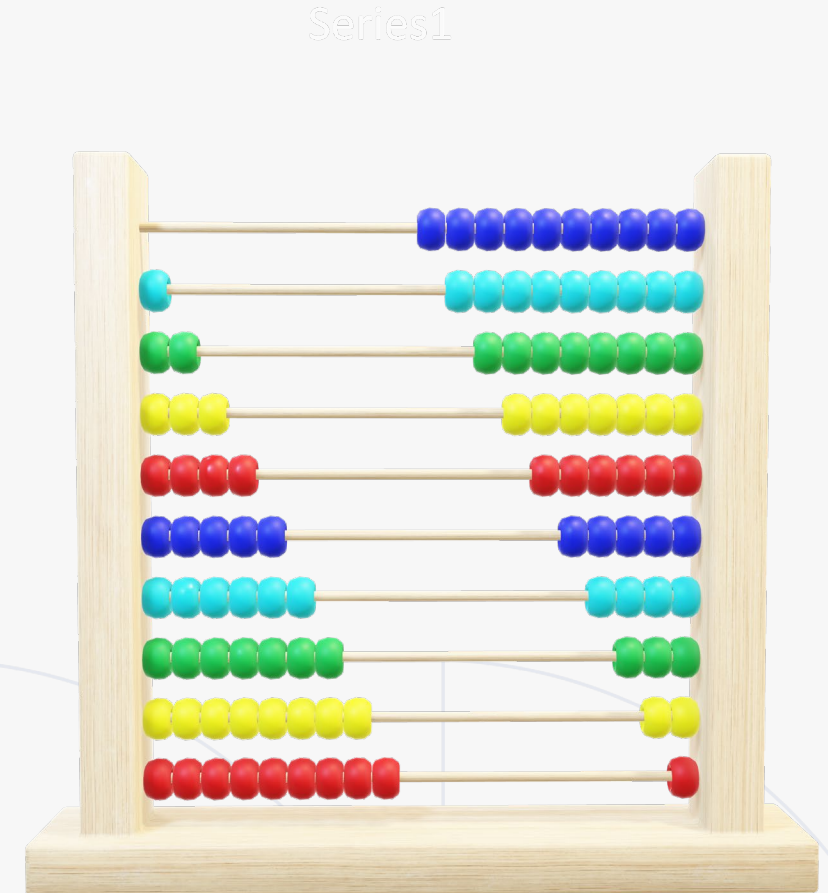
1

The loans follow the standard underwriting process. Underwriter is responsible for ensuring the loan remains within the Philly First program limits of the 38.00% Housing ratio and 45.00% debt ratio and other income and program requirements.

2

File UW is responsible for fully reviewing and conditioning the loan at time of initial underwrite. If the loan is approvable:

Condition that the loan is subject to investor approval for the Philly first DPA 2nd mortgage in the amount of \$_____. Additional conditions may apply.



Ops Responsibilities

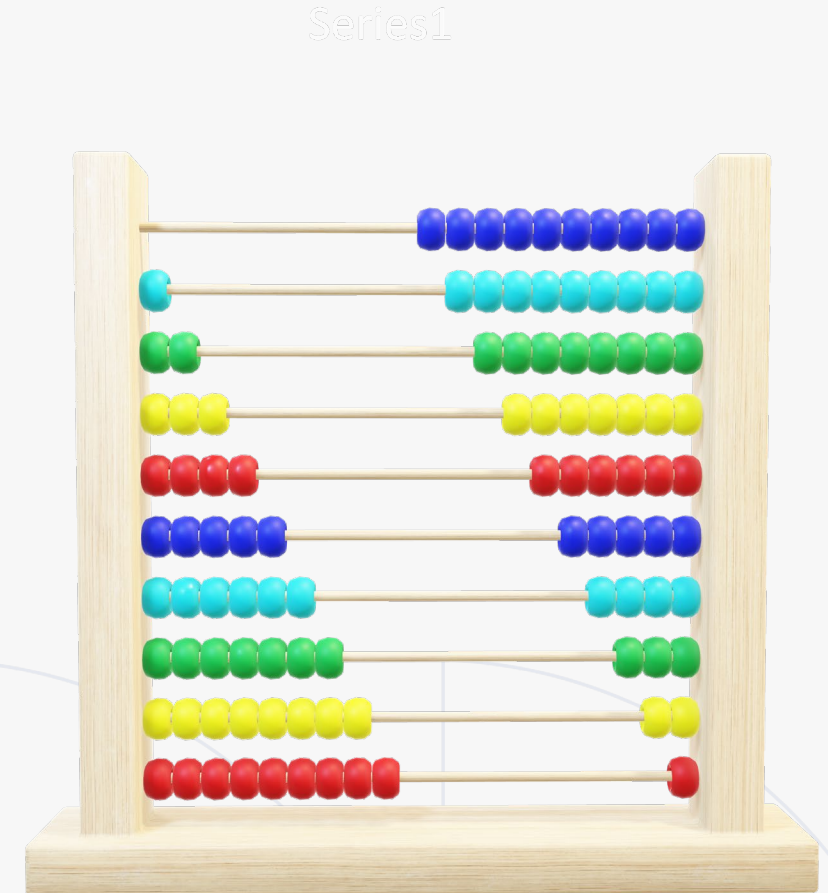
Underwriting Team

3

- The PMC Underwriter will not CTC the loan until the PHCD approval has been received and verified as matching the dollar amount that we are using for the 2nd mortgage.

4

- The PMC Underwriter will check at time of CTC to make sure the closing date is within 90 days of the grant approval date.



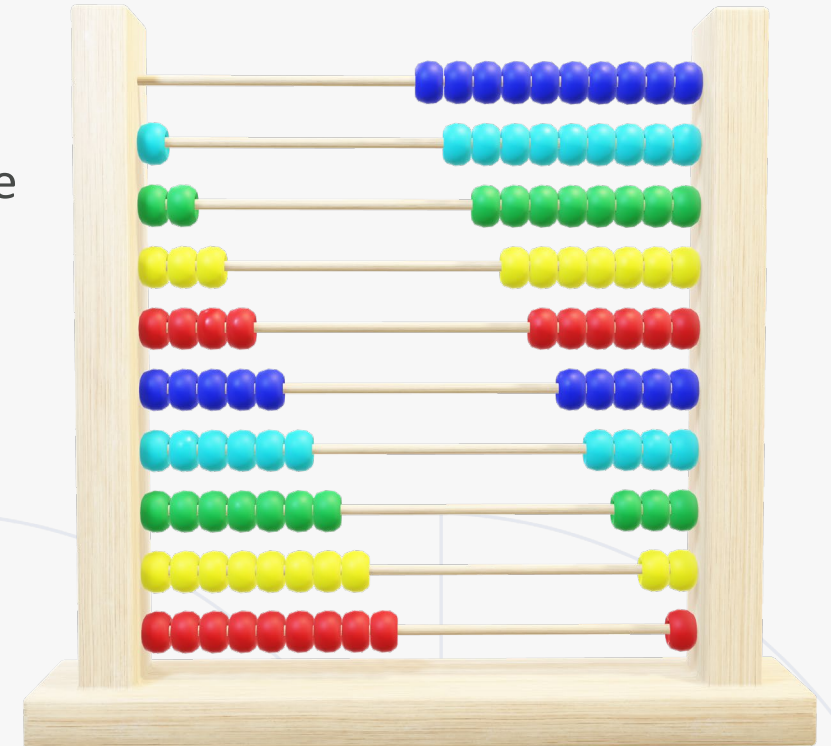
Ops Responsibilities

Underwriting Team

3

- Underwriter will check the date of the grant in the Date Tracking Screen.

Date Tracking(v1)	
Signed Pkg Received	08/16/2023
Investor Delivery Date	09/06/2023
Purchase Loan Date	//
MERS Transfer Date	08/25/2023
First Payment Date	01/01/2024
First Payment to Investor	10/01/2023
Other Dates	
FHA Case Assignment	//
Second Level Review Needed	04/20/2023
Second Level Review Completed	//
Third Level Review Needed	04/20/2023
Third Level Review Completed	//
Conditional Approval Sent Date	07/06/2023
ECOA Date	07/26/2023
FHA-Date Seller Acquired Property	//
FHA-Date Sales Contract ratified	//
FHA-Days owned by Seller	
Existing Loan First Payment Date	//
Loan Seasoning Days	
Sale Contract Date	//
Grant Approved Date	//
First Time Homebuyer Cert Date	//
First Time Homebuyer Cert Date	//



Ops Responsibilities

Closing/Funding Team

1 The Closing Team is responsible for issuing the initial and final Closing Disclosures using the normal templates. Loan must comply with all ATR/QM requirements. Neither Rebuttable Presumption nor HPML are permitted.

2 The Closing Team will ensure PHCD issues the closing package for the 2nd mortgage and sends funds to the settlement agent.

The Closing Team will follow up with the settlement agent to ensure the settlement agent has received the 2nd mortgage package and funds from PHCD.

Closing instructions must indicate that the loan is subject to the simultaneous closing of both the first and second mortgages.



Ops Responsibilities

Closing/Funding Team

-
-
- 3 The Closing Team is responsible for checking the grant approval date in our system and ensuring that the final settlement date is within 90 days of that date.



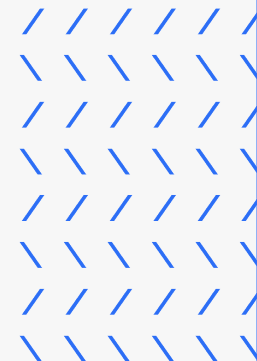
Ops Responsibilities

Post-Closing Team

- 1** Post Closing must deliver the 1st trust to the investor with whom the 1st trust is locked following normal procedures.
- 2** The closing docs for the 2nd trust will be returned directly to Philly First DPA with a certified true copy provided by the settlement agent with the 1st trust closed loan package to PMC.
- 3** Post-Closer to ensure the 1st trust file has a copy of the 2nd trust DPA approval and the 2nd trust note, security instrument, and closing disclosure/settlement statement prior to delivery of the loan to the 1st trust investor.







Thank you!