

BULLETIN

March 18, 2008

Re: Police and Fire Retirement System Mortgage Program Update

The HMFA wishes to thank all of the PFRS participants for registering a record number of PFRS loans after the February 15, 2008 rate change. Nearly a thousand loans were registered totaling about \$280 Million. The PFRS Mortgage Program is funded from the assets of the PFRS pension. By statute up to 10% of the PFRS assets are available for the mortgage program. The surge in registrations after February 15 increased the portfolio fund balance almost to the maximum permitted by law. Since the value of the PFRS assets is variable some funds were held back to assure that the statutory maximum would not be exceeded. In addition, some funds were held back to honor the statutorily required preference for first time home buyers. Funds that become available due to pay offs of existing loans (about 200 registered loans are refinances of existing PFRS loans) will be made available for first time home buyers as well. Unfortunately, the program will for the foreseeable future have a very structured and managed window for loan registrations. In all likelihood remaining funds will be available only for first-time buyers at least until the next rate cycle in August 2008. Even then funding may be too limited to reopen the program for refinances and “trade up” or “trade down” buyers.

Commencing on Thursday, March 20, 2008 at 10 am. HMFA will begin taking registrations for first-time buyer loans only. Registrations for first-time home buyers should be made on the Internet Loan Reservation (ILR) System as in the past. The ILR is currently programmed only to accept first-time buyer registrations. There is an allocated amount of \$20 Million for this purpose and funds will be added to that amount as existing loans are paid off.

Also, HMFA commencing on the date of this Bulletin will permit PFRS lenders with confirmed 4.67% registered loans to substitute loans of equivalent value for 4.67% loans that they have cancelled. Cancellation of loan registrations and registration of new substituted loans will only be accepted at the HMFA by delivery by e-mail with an attached completed registration information sheet. The only e-mail account for substitutions is pfrs@njhmfa.state.nj.us. No registrations of substitute loans can be made through the Internet Loan Registration system. HMFA staff will enter these loans on our system by hand from the information you provide. We will endeavor to enter the loans as quickly as possible, but depending on the volume it may take a few days to process every request. Only first-time buyer loans may be processed by the lender in the normal course over the ILR system. Please note that substitutions are being permitted for the purpose of accommodating borrowers whose loan registrations were attempted up to March 5, 2008 when the first-come first-served funding were exhausted.

PLEASE NOTE: Due to system restrictions Lenders will only be able to view their pipelines for first-time home buyer loans, but will not be able view their pipelines for refinance and trade-up loans. Also, Lenders should not access individual refinance and trade-up loans on the ILR system to change loan information because that would kick the existing loan status into “non-compliance”. If a change is needed Lenders may contact the HMFA at the

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pfrs@njhmfa.state.nj.us with the change request information. Lenders will be able to view on the ILR system loan status, unsatisfied conditions and missing docs for refinance and trade-up loans.

Thank you for your patience and service to the PFRS applicants.