

Ralph M. Perrey, Executive Director



MEMORANDUM

DATE: January 26, 2015
TO: All Originating Agents
FROM: Lindsay Hall, Sr. Director of Single Family Programs
SUBJECT: THDA Accepting Refer/Eligible

Effective February 2, 2015, THDA will be accepting loans with an LP or DU decision response of **Refer/Eligible** with a **maximum debt ratio of 43%**, a minimum FICO score of 620, and **2 of the 3 following THDA overlays**, documented appropriately.

1. The borrower must have a verified rental history. Verification of rental (VOR) is acceptable if borrower is renting from a commercial management company; or 12 months canceled checks/bank verification if borrower is renting from a private landlord.
2. One month PITI in reserves. This can be a gift; gift funds are verified per the insurers guidelines.
3. A two year job history with a minimum of 12 months at current employer.

Attached you will find the revised Underwriting Submission Checklist, Form HO-0549, and revised Buyer Profile, Form HO-0439, reflecting these changes. These forms should replace the existing forms for all submissions submitted on and after February 2, 2015.

As FHA has provided more detail in its manual underwriting rules, THDA believes that in most cases the added documentation provides a stronger borrower. THDA believes that these proposed changes strike the appropriate balance between fulfilling THDA's mission as well as increasing the availability of THDA mortgage loans throughout Tennessee.

THDA appreciates your continued support of the Great Choice mortgage loan programs. If you have questions, please feel free to contact SFask@thda.org or call (615) 815-2100.