

Ralph M. Perrey, Executive Director



**MEMORANDUM**

DATE: March 23, 2020

TO: All Originating Agents

FROM: Rhonda Ronnow, Director of Single Family Loan Operations

SUBJECT: **Update on GC97 - Freddie Mac HFA Advantage**

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Thank you to our lending and real estate network for attending the 2020 Tennessee Housing Conference. I would like to provide highlights from the conference as well as an update for the rollout schedule.

THDA is preparing for the GC97 program to launch on July 1<sup>st</sup>. THDA will roll out this program to our lenders in phases, similar to our mortgage servicing initiative. We are including the rollout schedule for your review. THDA developed a Lender Profile which tracks the timeliness and quality of submissions for the Great Choice Program. The GC97 rollout schedule is based upon timeliness of meeting delivery deadlines and document submission quality. Currently we are piloting the program with a few lenders to determine any process changes as well as to development in-depth training for all lenders.

**Highlights for the product include the following:**

- DPA provided through second mortgage financing, max CLTV 105% to assist with down payment and/or closing costs are as follows:
  - Sales price <\$150,000, DPA of \$6,000
  - Sales price ≥ \$150,000, DPA of \$7,500
  - Interest rate is the same as the first mortgage and the loan is amortized over a 30 year term.
- Lower private mortgage insurance coverage
- No first time homebuyer requirement
- Flexibility for loan qualification for borrowers with student loan debt
- Income limits apply differently for the GC97
- Qualifying income of the borrower(s) on the loan is used instead of household income limits
- Lender compensation up to 2.75%
- Since this is not a bond loan, there are not any pre-closing disclosures needed, such as affidavits.

**What can THDA's approved lenders do to prepare for participation in the new product?** Work with your information technology department and secondary lock desk to implement the appropriate procedures and processes. Review the GC-97 guide as well as the comparison matrix.

Please provide the following information/documentation to Nancy Herndon at [nherndon@thda.org](mailto:nherndon@thda.org).

1. **Originating Agent Working Agreement for the MBS Loans (GC97 / GC97 Plus)**
2. **Quality Control Procedures**
  - Include most recent **90 days QC reports** with management responses
3. **Lender's hiring procedures for checking all employees**, including management, in the origination of mortgage loan against GSA excluded parties list, HUD LDP List and FHFA SCP list
4. **Copy of your Freddie Mac approval**; providing S/SN or TPO number is sufficient
5. **Written statement** that systems are in place to transfer LPA feedback results and assign the appraisal within UCDP to THDA at time of loan underwriting submission. This program is a Freddie Mac product which has a different execution, therefore THDA is requiring certification that the necessary systems are in place.

THDA will be providing training schedules in the next few weeks. All training will be conducted by webinars at this time. Thank you for your continued support and participation in the THDA mortgage loan programs. If you have any questions, please call 615-815-2100, send an e-mail to [SFask@thda.org](mailto:SFask@thda.org) or contact your local THDA Customer Account Manager.