

Ralph M. Perrey, Executive Director



MEMORANDUM

DATE: April 17, 2020

TO: THDA Originating Agents

FROM: Rhonda Ronnow, Director of Single Family Loan Operations

SUBJECT: **COVID-19 Induced Financial Hardship**

As our industry continues to work in uncharted territory, THDA appreciates the partnership with our lenders as well as patience as we continue to monitor the pandemic crisis and the effect it has on first time homebuyers in Tennessee. As you are aware, THDA was quick to jump into action on March 20th and provided a moratorium on first payment defaults for borrowers affected by COVID-19. Our servicing team also created a streamlined loss mitigation package for our borrowers that were current as of March 1st and were affected by the pandemic, prior to the Cares Act being released.

THDA also understands that it can be difficult to maneuver through the different guidelines that each investor or Housing Finance Agency is providing during this unprecedented time. Ensuring the financial soundness of your company is extremely important. THDA is here to work with you, we are in this together to overcome this crisis for the first time homebuyer's of Tennessee. Since THDA's mortgage revenue bond (MRB) loans are whole loans that remain in THDA's portfolio, we do not securitize or sell these loans. THDA services these loans, which provides flexibility for THDA during this extraordinary time. THDA also has the designation of being a HUD Certified Counseling Agency, and have HUD Certified Counselors on staff to assist borrowers during these challenging times.

THDA would like to provide some additional guidance around interim servicing and default/remedies that are either outlined in our Origination Guide, the memo from March 30th or the THDA working agreement.

Interim Servicing (MRB)

During these uncertain times, THDA discourages Interim Servicing. THDA has a delivery schedule that all lenders must adhere to. A copy of the first and second mortgage loan should be emailed to THDA within 72 hours of closing, at closing@thda.org. The Closing package must be uploaded to THDA, and the Original Notes overnighted within 10 calendar days of closing. Originating Agents will not receive the service release premium for any loan not purchased by the first payment due date. Since the loan is being sold to THDA immediately after closing, any loan in which the borrower has requested forbearance or a loan modification should be directed to THDA's servicing department, Volunteer Mortgage Loan Servicing (VMLS) at custserv@volservicing.com.

Representations and Warranties for (MRB) (Default/Remedies)

When delivering loans originated pursuant to the provisions of this announcement or the announcement released on March 30, 2020, the Originating Agent warrants that the borrower is employed at the time the loan is delivered to THDA. If the Originating Agent becomes aware of a loss of income or a loss of job prior to closing, the loan should not close. All loans delivered to THDA must include a VVOE verifying employment within a maximum of 5 calendar days from the note date that the borrower remains employed at the same pay rate and number of hours as identified on the original VOE.

All lender representations, warranties and covenants as defined in the THDA Originating Agent Working Agreement remain in effect. Lender repurchase requirements of mortgages defined as the following remain in effect:

- Failure to provide all required documents to THDA on or before any specific deadline established by THDA.
- Mortgage Loan made by Originating Agent was made to an ineligible borrower, or borrower did not meet the insurer/guarantor's guidelines.
- First payment default on a THDA Mortgage Loan purchased by THDA which is outside of the COVID-19 induced hardship

At this time, as long as the loan does not contain any deficiencies as outlined in the Working Agreement, Origination Guide or COVID-19 related memos, THDA will continue to work with new MRB borrowers affected by COVID-19 induced hardship that enter into a forbearance.

THDA will continue to monitor the situation and make adjustments as needed during these challenging times. Thank you for your continued support and participation in THDA mortgage loan programs. If you have any questions, please call 615-815-2100, e-mail SFAsk@thda.org or contact your local THDA Customer Account Manager.