

Ralph M. Perrey, Executive Director



MEMORANDUM

DATE: May 6, 2020

TO: New Start Partners

FROM: Rhonda Ronnow, Director of Single Family Loan Operations

SUBJECT: **New Start Allocation Request and Program Guide Changes**

THDA will now be accepting annual recertification and allocation requests for the upcoming fiscal year 2020/2021. For those wishing to be a THDA New Start Partner, you must first have an approved account through our Participant Information Management System (PIMS). PIMS is THDA's system for processing partnership participation. If you do not already have an account, please create an account and answer the Threshold and Self Certification questions via our website at <https://resources.thda.org/pims> for the New Start FY20/21.

New Start Partners must submit the following documentation by the submission deadline of **May 29, 2020**.

1. Certificate of Existence from the Tennessee Secretary of State, dated within thirty (30) days of submission to THDA
2. Most recent, dated within the last 12 months, financial audit, audited comparative financial statements, letter of financial review by CPA firm with an arm's length relationship to the organization, balance sheet with cash flow statement and income statement. (A minimum liquid asset requirement of \$112,500 is required to be maintained by the provider partner, or a letter of credit for a minimum of \$112,500 from a verifiable institution.)
3. Copy of proof of errors and omissions insurance
4. Copy of subordinate financing note(s) with terms to be utilized
5. Copy of most current IRS form 990 filed
6. List of any changes in volunteers and staff members employed by the organization as of the date of the original application request
7. THDA Disclosure Forms for any new staff members
8. New Start Allocation Request Form – *will be emailed separately*

THDA will provide the approved allocation amount to Participant no later than June 30, 2020. Along with the approved allocation amount will be an Annual Recertification Form that will need to be executed and returned to THDA. All participant applications will be reviewed once they are

complete and in the order they are received. New for FY20/21, THDA will be requiring quarterly allocation reviews. This will provide unused funds to be re-allocated to New Start partners. When re-allocated funds are determined, THDA will notify all participants of the availability. New Start participants that meet the qualification for re-allocated funds will need to submit an updated allocation request form.

Please submit requested documents **by May 29, 2020** to Nancy Herndon at nherndon@thda.org.

Program Changes

THDA is pleased to announce program changes for the New Start Program **effective July 1, 2020**. This includes updating current income limits to use 2019 limits. Every county will see an increase in the respected category.

- New Start income limits for Tier I (60% or below of AMI) will have two categories, 1-2 person household, and 3+ person household per county.
- New Start income limits for Tier II (60-70% of AMI) will have one income category per county.

Also **effective July 1, 2020**, New Start sales price limits have been eliminated but THDA retains the maximum New Start Mortgage Loan amounts as follows:

- \$123,750 in the middle Tennessee counties of Maury, Williamson, Davidson, Rutherford, Wilson and Sumner
- \$112,500 in all other counties in Tennessee

Maximum acquisition cost cannot exceed Great Choice acquisition cost.

THDA has also made some guide changes to provide additional clarification in the following areas:

- Homebuyer Education
- Remaining debt
- Collections
- Establishing and re-establishing credit
- Title commitment & hazard insurance
- Student loans

Therefore, a newer version of the New Start Program Guide is provided which has an effective date of **July 1, 2020**. Both guides will be available on the website until July 1st.

Thank you for your participation in the New Start Program. If you have any questions, please email SFask@thda.org or call 615-815-2100.