

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.

Ralph M. Perrey, Executive Director



MEMORANDUM

DATE: April 1, 2015

TO: All Originating Agents

FROM: Rhonda Ronnow, Director of Loan Operations

SUBJECT: Eligible Applicants

THDA applicants must have U.S. citizenship or have permanent resident alien status. Although FHA includes non-permanent resident status with proper documentation, THDA **does not** have approval to allow non-permanent resident aliens as borrowers on a THDA loan. We understand that non-permanent resident aliens would like the opportunity for homeownership and we are working with the Attorney General's office with this matter.

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.

Ralph M. Perrey, Executive Director



MEMORANDUM

DATE: May 13, 2015

TO: Originating Agents

FROM: Lindsay Hall, Sr. Director of Single Family Programs

SUBJECT: Upcoming Underwriting and Servicing Changes

THDA's servicer has recently made changes to the Agreement to Purchase THDA Servicing Rights. For all loans registered with the servicer **effective June 15, 2015** the following changes will apply:

For underwriting submissions:

1. The minimum FICO score will increase to **640**.
2. No score borrowers will still be allowed with manual underwriting and alternative credit established per insurer/guarantor guidelines.

For servicing:

1. The Commitment Fee will increase to \$300.
2. The Tax Service Fee will increase to \$85.
3. The Servicing Release Premium will decrease to 100 BPS.

To comply with the servicer's underwriting requirements, and to ensure new loan submissions are purchased and transitioned to servicing smoothly, **All Great Choice applications received by THDA effective Monday, June 8, 2015 will require a credit score of 640.**

THDA thanks you for your continued participation in the Great Choice Loan Program and your continued efforts in helping Tennesseans reach their goals of homeownership.

If you have any questions, please contact sfASK@thda.org or call 615-815-2100.



Tennessee Housing Development Agency

Andrew Jackson Building Third Floor
502 Deaderick St., Nashville, TN 37243
(615) 815-2200

Bill Haslam
Governor

Ralph M. Perrey
Executive Director

MEMORANDUM:

TO: Originating Agents

FROM: Lindsay Hall, Sr. Director of Single Family Programs

DATE: May 18, 2015

SUBJECT: Interest Rate Increase

Effective Tuesday, **May 26, 2015** the following interest rates apply for loans submitted to THDA on or after **May 26, 2015**:

Great Choice **4.10%**

Homeownership for the Brave **3.60%**

The Great Choice Plus second mortgage loan will remain at **0%, deferred payment, 15 year term and forgiven at 20% per year in years 11 through 15.**

Thank you for your continued participation in THDA's mortgage programs. If you have any questions please direct them to SFask@thda.org.

Ralph M. Perrey, Executive Director



MEMORANDUM

DATE: June 30, 2015

TO: Originating Agents

FROM: Rhonda Ronnow, Director of Loan Operations

SUBJECT: Change in Household Income Limits

THDA would like to announce that **effective Monday July 20, 2015**, the Household Income Limits will decrease for 11 Tennessee counties. The change in income limits will affect Anderson, Blount, Bradley, Hamilton, Knox, McMinn, Montgomery, Moore, Roane, Sevier, and Shelby counties. These changes are reflected on the revised page 10 of the Originating Agents Guide.

All THDA loan applications received on or after July 20, 2015 will be considered in accordance with these new Household Income Limits.

All THDA loan applications received prior to this date must be committed by THDA prior to July 20, 2015 to utilize the old (higher) Household Income Limits.

Thank you for your continued participation in THDA's mortgage programs.

If you have any questions, please contact sfASK@thda.org or call 615-815-2100.

Ralph M. Perrey, Executive Director



MEMORANDUM

DATE: July 29, 2015

TO: Originating Agents

FROM: Rhonda Ronnow, Director of Loan Operations

SUBJECT: Increase in Acquisition Cost Limits and Change in Household Income Limits

THDA would like to announce that **effective August 1, 2015**, the Acquisition Cost Limits will increase for all Tennessee counties.

THDA would also like to announce that **effective August 1, 2015**, the Household Income Limits will change for most Tennessee counties. Most counties will reflect an increase in Income Limits; however the following counties which experienced a decrease July 20, 2015 will remain unchanged: Anderson, Blount, Bradley, Hamilton, Knox, McMinn, Montgomery, Moore, Roane, Sevier, and Shelby.

All THDA loan applications received **on or after August 1, 2015** will be considered in accordance with these new limits.

These changes in Acquisition Cost Limits and Household Income Limits for each county are reflected on the revised page 10 of the Originating Agents Guide change attached.

Thank you for your continued participation in THDA's mortgage programs.

If you have any questions, please contact sfASK@thda.org or call 615-815-2100.

Ralph M. Perrey, Executive Director



MEMORANDUM

DATE: July 30, 2015

TO: Originating Agents

FROM: Rhonda Ronnow, Director of Loan Operations

SUBJECT: Online Homebuyer Education is Approved for All Borrowers

To meet the high demand of technology, accessibility and convenience, THDA is pleased to announce the expansion of our Homebuyer Education Program. **Beginning August 1, 2015**, THDA will allow any customer to receive online education as an education option. By working with eHome America through our approved Homebuyer Education Network Agencies, the new process will be as follows:

- Customer will select a provider, via THDA's website or the HBEI agency. If selected via THDA's website, the customer will have the ability to select a provider by county.
- The customer will pay \$99 during registration with the selected agency.
- After the customer completes the online education, they will be contacted by the counseling agency to schedule a one hour one-on-one counseling session. This can be done in person, or via phone/Skype. During this time, the counselor will be responsible for reviewing any course trouble areas, their specific budget, and answer any questions.
- After all steps are completed, the counselor will provide the borrower with their THDA Online Certificate of Completion which will be created for each agency.

THDA thanks you for your continued participation in the Great Choice Loan Program and your continued efforts in helping Tennesseans reach their goals of homeownership.

If you have any questions, please contact sfASK@thda.org or call 615-815-2100.

Ralph M. Perrey, Executive Director



MEMORANDUM

DATE: August 27, 2015
TO: Originating Agents
FROM: Rhonda Ronnow, Director of Loan Operations
SUBJECT: Great Choice Updates-Escrows & Loan Documents

New Escrow Deposit Requirements

US Bank sent out a bulletin August 25th with the following change that is **effective with all THDA loans received September 14, 2015 and after.**

- USBHM will require a check for the initial escrow deposit to be included with the copy package submitted to USBHM for servicing. If the initial escrow deposit check is not included in the copy package, a condition will be added to the loan and could delay the servicing of the loan. All applicable fees between USBHM and the originating lender will continue to be netted out of any SRP paid on the loan. Please feel free to contact a member of the Client Support Team at 1-888-647-7417, option 1.

Required Loan Documents

Recently we have received different versions of the Note. THDA requires the most recent version of the instrument to be used, including any applicable riders:

1. FHA: Multistate FHA Note (Tennessee) (2015)
2. VA: FNMA/FHLMC Multistate Note (Tennessee) (2001)
3. USDA/RD: FNMA/FHLMC Multistate Note (Tennessee) (2001)
USDA/RD loans must close with FNMA/FHLMC documents only.
4. Conventional: FNMA/FHLMC Multistate Conventional Note (Tennessee) (2001)
5. THDA Great Choice Plus Second Deed of Trust and Note

Please consult with your document provider to confirm you are using the most current version of the above forms, to prevent delays in the purchasing of your loan.

Thank you for your continued participation in THDA's mortgage programs.

If you have any questions, please contact sfASK@thda.org or call 615-815-2100.

Ralph M. Perrey, Executive Director



MEMORANDUM

DATE: September 8, 2015

TO: Originating Agents

FROM: Rhonda Ronnow, Director of Loan Operations

SUBJECT: HFA Preferred Mortgages Delay

THDA announced in our July *Windows to Home Ownership* newsletter the return of a conventional mortgage loan product. THDA has experienced a delay from our servicer U.S. Bank, and this will delay the rollout of the program. THDA now anticipates the program roll out to be January, 2016.

As always, THDA wants to keep you informed of any delays or changes as soon as possible. Thank you for your continued participation in THDA's mortgage programs.

If you have any questions, please contact sfASK@thda.org or call 615-815-2100

Ralph M. Perrey, Executive Director



MEMORANDUM

DATE: September 22, 2015

TO: Originating Agents

FROM: Rhonda Ronnow, Director of Loan Operations

SUBJECT: TRID and Great Choice Plus Second Mortgage

THDA would like to announce that effective with loan applications dated October 3, 2015, requiring downpayment assistance, a \$50.00 grant will be provided to the borrower to cover a large portion of the cost of recording fees associated with the second mortgage loan. A credit will be entered on the Loan Estimate and Closing Disclosure by the Originating Agent. This grant will be included with the wire at the time the second mortgage is reimbursed.

This change will constitute an exemption from TILA-RESPA Integrated Disclosures. (§ 1026.3(h)). Currently THDA meets all of the below requirements, with the exception of less than one percent of the amount of credit extended in closing costs. Our average second mortgage is around \$4,000 and the recording fees exceed 1% (\$40). A closing fee up to \$100 for the second mortgage is not allowed.

Exempt Transactions (§ 1026.2(h))

- (1) The transaction is secured by a subordinate lien;
- (2) The transaction is for the purpose of downpayment, closing costs, or other similar home buyer assistance, such as principal or interest subsidies.
- (3) The credit contract does not require the payment of interest.
- (4) The credit contract provides that repayment of the amount of credit extended is forgiven either incrementally or in whole, at a date certain, and subject only to specified ownership and occupancy conditions.
- (5) The total of costs payable by the consumer in connection with the transaction at consummation is less than one percent of the amount of credit extended and includes no charges other than fees for recordation of security instruments, deeds, and similar documents.

Thank you for your continued participation in THDA's mortgage programs.

If you have any questions, please contact sfASK@thda.org or call 615-815-2100.

Ralph M. Perrey, Executive Director



MEMORANDUM

DATE: October 5, 2015

TO: All Originating Agents

FROM: Rhonda Ronnow, Director of Loan Operations

SUBJECT: **Clarification** -- TRID and Great Choice Plus Second Mortgage

The THDA Great Choice Plus second mortgage loan is an exempt transaction based on meeting the following requirements detailed in **Exempt Transactions (§ 1026.3(h) CFPB eRegulations:**

- (1) The transaction is secured by a subordinate lien;
- (2) The transaction is for the purpose of downpayment, closing costs, or other similar home buyer assistance, such as principal or interest subsidies.
- (3) The credit contract does not require the payment of interest.
- (4) The credit contract provides that repayment of the amount of credit extended is forgiven either incrementally or in whole, at a date certain, and subject only to specified ownership and occupancy conditions.
- (5) The total of costs payable by the consumer in connection with the transaction at consummation is less than one percent of the amount of credit extended and includes no charges other than fees for recordation of security instruments, deeds, and similar documents.

To maintain compliance with the above requirements, THDA will provide a \$50.00 grant to cover the cost of recording the deed of trust required to secure the THDA Great Choice Plus second mortgage loan for each approved loan application dated 10/3/2015 and after that includes a Great Choice Plus second mortgage loan. This THDA grant will be included with the wire at the time the Great Choice Plus second mortgage loan is purchased by THDA.

To maintain compliance with the above requirements, the following **are not permitted** for any Great Choice Plus second mortgage loan:

- A title policy for the Great Choice Plus second mortgage loan
- Hazard insurance coverage for the Great Choice Plus second mortgage loan
- A closing fee charged on the Great Choice Plus second mortgage loan

Any failure to meet these requirements will result in a denial of the loan application or a demand for repurchase of the Great Choice mortgage loan and the attendant Great Choice Plus second mortgage loan.

The Great Choice Plus second mortgage loan is not exempt from RESPA disclosure and will require a good faith estimate and a HUD-1. THDA will have these documents (fillable) available on THDA's website under Business Partners/Lenders-Servicers/Loan Documents. Therefore this grant should not be listed on the LE or CD.

The Great Choice Plus second mortgage loan good faith estimate must be signed by the borrower and submitted with the loan application.

The Great Choice Plus second mortgage loan HUD-1 must be provided to the borrower a minimum of three (3) days prior to the loan closing. A copy of the Great Choice Plus second mortgage loan HUD-1 must be included with the closing documents sent to THDA for funding.

Thank you for your continued participation in THDA's mortgage loan programs.

If you have any questions, please contact sfASK@thda.org or call 615-815-2100.

Ralph M. Perrey, Executive Director



MEMORANDUM

DATE: October 9, 2015

TO: All Originating Agents

FROM: Rhonda Ronnow, Director of Loan Operations

SUBJECT: Original Endorsed Notes

THDA's servicer, U.S. Bank, sent out a Lender Operations Update 2015-037, dated October 6, 2015. This update does not apply to U.S. Bank's correspondent lending, therefore, it **does not** apply to THDA. Please continue shipping the **original** endorsed notes to THDA.

THDA thanks you for your continued participation in the Great Choice Loan Program and your continued efforts in helping Tennesseans reach their goals of homeownership.

If you have any questions, please contact sfASK@thda.org or call 615-815-2100.

Ralph M. Perrey, Executive Director



MEMORANDUM

DATE: November 4, 2015

TO: All Originating Agents

FROM: Rhonda Ronnow, Director of Loan Operations

SUBJECT: **Clarification Regarding US Bank HFA Bulletins**

On Friday, October 30th, US Bank sent out Bulletin 2015-24 regarding manufactured housing loans and a second Bulletin regarding Credit Scores. These bulletins only apply to loans that the HFA Division of US Bank purchases directly from the lender. Since THDA purchases all of our loans directly from our lenders and US Bank only services our loans, this does not apply to any THDA loans.

Below is an example of the letterhead from US Bank's HFA Division. These do not apply to THDA loans.



If you have any questions, please contact sfASK@thda.org or call 615-815-2100.

Ralph M. Perrey, Executive Director



MEMORANDUM

DATE: December 1, 2015

TO: All Originating Agents

FROM: Rhonda Ronnow, Director of Loan Operations

SUBJECT: **Verification of Deposit**

Effective immediately, THDA applicants must provide their most recent bank statement for each account when a VOD (Verification of Deposit) is provided. This change will align our Great Choice mortgage loan program with FHA SF Handbook 4000.1. We will continue accepting the alternative documentation of the borrower's most recent two months bank statements.

THDA thanks you for your continued participation in the Great Choice Loan Program and your continued efforts in helping Tennesseans reach their goals of homeownership.

If you have any questions, please contact sfASK@thda.org or call 615-815-2100.

Ralph M. Perrey, Executive Director



MEMORANDUM

DATE: December 17, 2015

TO: All Originating Agents

FROM: Rhonda Ronnow, Director of Loan Operations

SUBJECT: **Revision of Great Choice Plus Second Promissory Note**

During the modification of the Great Choice Plus mortgage program, the default interest rate provision from section 3 of the Note should have been removed. It was not THDA's intention to have a default interest rate and it is unenforceable under federal law. We apologize for the error, and will be sending a letter to all borrowers who have the Great Choice Plus mortgage.

Effective immediately, please include the revised Great Choice Plus Loan Program Second Promissory Note, HO-0503 (REV 12/2015), for all closings. The Note along with all forms specific to Great Choice Plus loan program may be accessed on the THDA website at <http://thda.org/business-partners/loan-documents>.

Please feel free to contact THDA directly at **615-815-2100** or by email to SFask@thda.org with any questions regarding this change.

Thank you for your continued participation in THDA's mortgage programs.