

Ralph M. Perrey, Executive Director



**ORIGINATING AGENTS GUIDE  
REVISION 108**

January 25, 2016

**Remove and discard:**

**Replace with enclosed:**

Page 5 (Rev 08/01/2015) .....	Page 5 (Rev 01/25/2016)
Page 22 (Rev 06/18/2015) .....	Page 22 (Rev 01/25/2016)
Page 24 (Rev 10/05/2015) .....	Page 24 (Rev 01/25/2016)
Page 27 (Rev 12/01/2015) .....	Page 27 (Rev 01/25/2016)

**EFFECT OF CHANGE**

**Effective immediately**, all Great Choice applications utilizing non-traditional credit (no credit scores) shall have a maximum debt ratio of 36% and must provide evidence of 2 months PITI.

### C. THDA Veterans Homeownership for the Brave Loan Program

This loan program offers a below market interest rate to qualified members of the United States military, National Guard, Veterans and some spouses. A 50 basis point rate reduction will apply to the Great Choice, based on the current rate at time of loan submission.

	<b>THDA Veterans Homeownership for the Brave Program</b>
<b>Maximum Loan Amount</b>	Not to exceed current THDA acquisition limits
<b>Purchase product only</b>	Refinance and second liens ineligible
<b>Maximum LTV</b>	Subject to FHA, VA, and USDA/RD Guidelines. Conventional Loans 78% LTV or less.
<b>Underwriting guidelines</b>	FHA, VA, USDA, and Conventional underwriting guidelines through D.U. apply except as modified by THDA product guidelines. Manual Underwriting acceptable with no credit score available.
<b>Eligible Borrowers</b>	<ul style="list-style-type: none"> <li>• All Veterans</li> <li>• Active Duty Military (including those in their first tour of duty)</li> <li>• Retired Military</li> <li>• Active Duty Reservists or Reservists who have served 180 days or more active duty</li> <li>• If discharged or release was done so under conditions other than dishonorable</li> <li>• Spouse of Veteran or Surviving Spouse of Veteran</li> </ul>
<b>Income</b>	Borrower's income must not exceed THDA current income limits per county. Income will be calculated based on THDA current income guidelines. Borrower must provide a DD-214 or most recent enlistment papers along with the most recent LES for active duty military
<b>First Time Homebuyer Rule</b>	First Time Homebuyer Rule does not apply: to "veterans" as defined in 38 U.S.C. Section 101, so long as the veteran did not previously receive a bond finance mortgage under this exception and, generally, includes anyone (a) who has served in the military and has been released under conditions other than dishonorable or (b) who has re-enlisted, but could have been discharged or released under conditions other than dishonorable.
<b>Minimum FICO requirement</b>	640
<b>Maximum Debt to Income ratio</b>	45%
<b>Manual Underwriting</b>	Income will be calculated based on current THDA guidelines. Borrower(s) with no credit scores may be manually underwritten using non-traditional credit guidelines in accordance with FHA, VA, and USDA/RD requirements to include those loans with an FHA Scorecard with a decision response of Refer/Eligible if the decision clearly states "No Score". If there are other risk factors stated other than "No Score", THDA will not accept the loan application. See additional guidelines.
<b>Eligible Property</b>	1 unit single family residence, townhouse or condo
<b>Occupancy</b>	Borrower/Co-borrower must occupy the property as their primary residence.
<b>Downpayment</b>	Required downpayment is based on FHA, VA or USDA program guidelines. The required downpayment for Conventional loans is 22%.
<b>Homebuyer Education</b>	Required prior to closing
<b>Escrows</b>	Escrow waivers are not permitted. Escrow for taxes and insurance is required

- The victim/borrower does not have to purchase in the declared disaster areas.
- Find the listed Presidentially declared disaster areas at: [www.fema.gov](http://www.fema.gov) .
- The victim/borrower has to provide proof of permanent residence in the disaster area and proof of destruction of residence with the following recommended documents:
  - Proof of permanent residence: valid driver's license, voter registration card, or utility bills;
  - Proof of destruction of residence: an insurance report, an inspection report by an independent fee inspector or government agency (FEMA), or conclusive photographic evidence showing the destruction or damage.

The following properties are eligible: one unit detached homes, approved condominium projects, or spot loan condominiums. (Two, three, and four unit properties are not eligible to be purchased in this program.)

Closing costs and prepaids can be paid by the buyer, seller, Originating Agent, or through the THDA Great Choice Plus second mortgage loan program.

Standard FHA and THDA underwriting guidelines apply for qualification.

4. THDA will not accept applications from any applicant whose credit score is below 640. Borrower(s) with no credit scores, however, may be manually underwritten using non-traditional credit guidelines in accordance with FHA, VA or Rural Development requirements.
5. The total debt to income ratio must not exceed 45%. Debt to income ratio for manual underwriting must not exceed 43%. Debt to income ratio for non-traditional credit file (no scores) is limited to 36%.
6. Other Considerations
  - a. A Gift of Equity may be considered by THDA on a case-by-case basis on an existing home or new construction under certain circumstances. The terms of the Gift of Equity must be stated in the sales contract and must be from an immediate family member. Immediate family member is defined as parents, siblings and grandparents. If the home is proposed or under construction, the maximum loan cannot exceed the borrower's actual cost of construction plus the borrower's actual cost of the lot, both of which must be verified. THDA reserves the right to ask for or require additional documentation on any loan with a Gift of Equity.
  - b. For transactions involving estate sales wherein the Applicant is an heir, the maximum loan amount must be calculated after deducting the Applicant/heir's anticipated share of the sale proceeds.

#### **D. Security**

All THDA loans must be secured by a first lien on the property. In addition, at the option of the borrower, a Great Choice Plus loan for DPA/closing costs assistance may be provided. All Great Choice Plus loans must be secured by a second lien on the property.

#### **E. Loan Payment Terms**

##### **1. Great Choice**

Great Choice loans must be fully amortized, with level payments, and must be for a term of 30 years. If a 30 year loan term exceeds the economic life of the property, as provided in the appraisal report, THDA may not approve the loan.

## SECTION 5: PROCESSING AND CREDIT UNDERWRITING REQUIREMENTS

### **5.1 OVERVIEW**

#### **A. Disclosures**

##### **1. Great Choice**

Originating agents are required to provide all disclosures that comply with all federal and state laws and/or regulations. These include, without limitation, signed and dated copies of loan estimate, Tennessee Residential Property Condition Disclosure and transfer of servicing disclosures.

##### **2. Great Choice Plus**

Originating agents will provide all disclosures that comply with all federal and state laws and/or regulations. These include GFE and Disclosure of Loan Terms.

#### **B. Underwriting Guidelines, Debt Ratios, Credit Scores, Compensating Factors**

Eligible applicants must meet credit underwriting standards of the relevant insuring program, as evidenced by the approval of a Direct Endorsement underwriter or the insurer, program accepted, underwriting software, i.e. Loan Prospector (LP), Desktop Underwriter (DU). LP or DU acceptance must also be signed by the Originating Agent underwriter or processor verifying the accuracy of information or data required to receive approval.

All loan submissions with a borrower(s) credit score (middle score or lowest score if only two scores) below 640 will not be eligible for THDA funding. THDA will accept loans with the following decision responses which shall meet the following THDA requirements:

1. Approve/Eligible: Maximum debt ratio of 45% and a minimum credit score of 640.
2. Refer/Eligible - due to “no score” only: Loans must be manually underwritten using non-traditional credit guidelines in accordance with FHA guidelines, maximum debt ratio of 36%.
  - Two months PITI in reserves. This cannot be a gift.
3. Refer/Eligible: Loans must be manually underwritten, maximum debt ratio of 43%, minimum credit score of 640, and must meet two of the three THDA overlays listed below.
  - 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.
  - One month PITI in reserves. This cannot be a gift.
  - A two year job history with a minimum of 12 months at current employer.
4. Approve/Ineligible: As it refers to the HUD REO \$100.00 down payment program only, maximum debt ratio of 45% and minimum credit score of 640.

All THDA loan application packages will be required to include a copy of the completed FHA Loan Underwriting and Transmittal Summary or Loan Analysis signed by an authorized program endorsed underwriter of the Originating Agent, or correspondent underwriting agent. (See Section 6.2. K)

Any closed loan subsequently determined to be ineligible for program insurance due to non-compliance with that program’s credit underwriting guidelines will be ineligible for THDA funding and subject to repurchase without exception.

#### **C. Homebuyer Education**

Great Choice Plus and Homeownership for the Brave borrowers are required to obtain pre-purchase homebuyer education and counseling provided by a THDA approved Homebuyer Education (HBEI) Provider at one of the approved agencies listed on THDA’s website at [www.thda.org](http://www.thda.org). Each person on the loan is required to obtain homebuyer education. The following formats are available for Homebuyer Education:

VOE form, answers to all questions contained on the standard VOE must be provided by the employer on employer letterhead. Verifications must indicate bonuses, next pay increase, overtime and scheduled number of work hours if paid by the hour. In addition, a copy of each Applicant's most recent pay stub is required (no more than 30 days old). This income verification and documentation is also required for a non-qualifying spouse and any other occupant of the property 18 years of age or older.

**B. Sole-Proprietorship Verifications**

Year-to-date P&L, Plus 1040's with Schedule C for a minimum of two tax years, and 24 months in business.

**C. Partnership Verifications**

Year-to-date P&L, Plus 1065's with Schedule K-1 and Schedule E, part II; Partnership returns with all schedules. Minimum two tax returns and 24 months in business.

**D. Limited Partnership Verifications**

1065, Schedule K-1 and Schedule E, part II; Partnership Return with schedules. Minimum two tax returns and 24 months in business.

**E. Subchapter S Corporation Verifications**

1120/1120S, Schedule K-1, Schedule E, part II, W-2 for Applicant. Minimum two tax returns and 24 months in business.

**F. Corporation Verifications**

Provide if Applicant owns or controls 25% or more of the stock. Corporation Return, Form 1120 and Schedule L (if applicable); W-2 for Applicant. Minimum two tax returns and 24 months in business.

**G. Deposit Verifications**

Verification of Deposit (VOD) and Borrower's most recent statement for each account or alternative documentation, Borrower's bank statements for the previous two months for each account. When non-traditional credit is used (no credit score), two months PITI in reserves is required. When manually underwritten with a score of 640 or higher, one month PITI in reserves is required.

**H. Veteran Status**

Veterans applying for the exemption to the three year requirement must provide a copy of VA Form DD-214 or VA Form DD-4 (Enlistment/Re-enlistment Document).

**I. FHA 203(h) Proof of Permanent Residence**

The victim/borrower's previous permanent rental residence must have been in the disaster area and must have been destroyed or damaged to such an extent that reconstruction or replacement is necessary. The victim/borrower must provide conclusive proof of permanent residence with one of the following:

- Valid driver's license
- Voter registration card
- Utility bills

**J. FHA 203(h) Proof of Destruction of Residence**

The victim/borrower's previous permanent rental residence must have been in the disaster area and must have been destroyed or damaged to such an extent that reconstruction or replacement is necessary. The victim/borrower must provide proof of destruction with one of the following:

- An insurance report
- An inspection report by an independent fee inspector or government agency (FEMA)
- Conclusive photographic evidence showing the destruction or damage

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**ORIGINATING AGENTS GUIDE  
REVISION 109**

February 18, 2016

**Remove and discard:**

**Replace with enclosed:**

Page 3 (Revised 05/26/2015) ..... Page 3 (Revised 02/18/2016)

**EFFECT OF CHANGE**

Effective Monday, **February 22, 2016**, the interest rate on all Great Choice Mortgage Loan applications will be reduced to **3.99%**. Based on this rate the Homeownership for the Brave Loan Program will be **3.49%** for eligible applicants. All loan applications, including electronic submissions, received on or after **February 22, 2016** must be submitted at the new rate.

All Great Choice applications received by THDA prior to February 22, 2016, and outstanding commitments at the rate of **4.1%** for Great Choice and **3.6%** for Homeownership for the Brave, remain in effect and the respective loan must close at those rates.



# **Originating Agents Guide**

JANUARY 2014

Latest Revision: 2/18/16

#### **1.4. CURRENT THDA LOAN PROGRAMS**

##### **A. Great Choice Loan Program**

This program is designed for low and moderate income borrowers. Great Choice offers a low interest rate loan secured by a first mortgage with the option of downpayment and closing cost assistance to a maximum of 4% of the purchase price at a 0% interest rate, 15 year deferred, forgivable loan secured by a second deed of trust. THDA allows the following loan types: FHA, USDA, and VA at the maximum loan limits based on insurer or guarantors guidelines. THDA also allows conventional uninsured loans with a maximum loan to value of 78%.

<b>Maximum Household Income</b>	Varies by county
<b>Maximum Acquisition Cost (Including all incidentals)</b>	Varies by county
<b>Maximum LTV</b>	Subject to FHA, VA, and USDA/RD Guidelines. Conventional Loans 78% LTV or less.
<b>Interest Rate</b>	<b>3.99%</b> fixed rate, subject to change
<b>Loan Term</b>	30 years
<b>Loan Types</b>	FHA, VA, USDA/RD, Conventional
<b>Mortgage Insurance or Guarantee</b>	As required by loan type
<b>Buydowns</b>	Not allowed
<b>Assumable</b>	Subject to qualifying
<b>Pre-Payment Penalty</b>	No penalty
<b>Subject to Recapture</b>	Yes
<b>Required Reserve</b>	As required by loan type
<b>Minimum Investment</b>	As required by loan type
<b>Closing Costs</b>	May come from borrower, seller, a gift, or as required by loan type
<b>Down Payment</b>	As required by loan type
<b>First Time Homebuyer Rule</b>	Borrower must not have an interest in their primary residence within 36 months of application <b>unless</b> the property to be financed with the loan is in a targeted area or the borrower meets the Veteran's exemption. (See THDA website for targeted areas.)
<b>Homebuyer Education</b>	Not required
<b>Origination Fee</b>	Up to 2% maximum
<b>Discount Point</b>	Up to .25



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**ORIGINATING AGENTS GUIDE  
REVISION 110**

March 7, 2016

**Remove and discard:**

**Replace with enclosed:**

Page 22 (Revised 01/25/2015).....Page 22 (Revised 03/07/2016)  
Page 25 (Revised 08/01/2015).....Page 25 (Revised 03/07/2016)

**EFFECT OF CHANGE**

- I. **Effective Monday, March 7, 2016** the required time for the completion of an approved homebuyer education course will be revised from 8 hours of face-to-face classroom education, to the following options:
- Minimum of six hours of face-to-face classroom education
  - Four hours of classroom education plus one hour, per household, of one-on-one counseling.

In addition to the classroom education, THDA will continue to allow the online education option approved with eHome America.

- II. Regarding non-traditional credit requirements, both applicants must have a 640 credit score; if one applicant does not have a credit score, the file must meet non-traditional requirements that include a maximum of 36% DTI and 2 months PITI.



# **Originating Agents Guide**

**JANUARY 2014**

Latest Revision: 3/7/16

- The victim/borrower does not have to purchase in the declared disaster areas.
- Find the listed Presidentially declared disaster areas at: [www.fema.gov](http://www.fema.gov).
- The victim/borrower has to provide proof of permanent residence in the disaster area and proof of destruction of residence with the following recommended documents:
  - Proof of permanent residence: valid driver's license, voter registration card, or utility bills;
  - Proof of destruction of residence: an insurance report, an inspection report by an independent fee inspector or government agency (FEMA), or conclusive photographic evidence showing the destruction or damage.

The following properties are eligible: one unit detached homes, approved condominium projects, or spot loan condominiums. (Two, three, and four unit properties are not eligible to be purchased in this program.)

Closing costs and prepaids can be paid by the buyer, seller, Originating Agent, or through the THDA Great Choice Plus second mortgage loan program.

Standard FHA and THDA underwriting guidelines apply for qualification.

4. THDA will not accept applications from any applicant whose credit score is below 640. Applicant(s) with no credit scores, however, may be manually underwritten using non-traditional credit guidelines in accordance with FHA, VA or Rural Development requirements. If all applicants do not have a credit score, application must be manually underwritten using non-traditional credit guidelines.
5. The total debt to income ratio must not exceed 45%. Debt to income ratio for manual underwriting must not exceed 43%. Debt to income ratio for non-traditional credit file (no scores) is limited to 36%.
6. Other Considerations
  - a. A Gift of Equity may be considered by THDA on a case-by-case basis on an existing home or new construction under certain circumstances. The terms of the Gift of Equity must be stated in the sales contract and must be from an immediate family member. Immediate family member is defined as parents, siblings and grandparents. If the home is proposed or under construction, the maximum loan cannot exceed the borrower's actual cost of construction plus the borrower's actual cost of the lot, both of which must be verified. THDA reserves the right to ask for or require additional documentation on any loan with a Gift of Equity.
  - b. For transactions involving estate sales wherein the Applicant is an heir, the maximum loan amount must be calculated after deducting the Applicant/heir's anticipated share of the sale proceeds.

#### **D. Security**

All THDA loans must be secured by a first lien on the property. In addition, at the option of the borrower, a Great Choice Plus loan for DPA/closing costs assistance may be provided. All Great Choice Plus loans must be secured by a second lien on the property.

#### **E. Loan Payment Terms**

##### **1. Great Choice**

Great Choice loans must be fully amortized, with level payments, and must be for a term of 30 years. If a 30 year loan term exceeds the economic life of the property, as provided in the appraisal report, THDA may not approve the loan.

1. Face-to-Face

- A minimum of six hours of classroom education
- A four hour class or workshop, paired with a minimum of one hour of individual counseling
- A minimum of four hours of face-to-face, one-on-one homebuyer counseling

2. Online Education

- A minimum of one hour of individual counseling paired with THDA's approved eHomeAmerica online homeownership education course
  - The borrower may access the course via THDA's website or by contacting the approved Provider agency directly.
  - The borrower will select an HBEI Provider and pay a fee during the online registration process.
  - Upon completion of the course, the borrower will be contacted by the HBEI Provider and required to participate in a one hour counseling session. The session provides follow-up counseling on the test questions and additional counseling regarding the customer's budget and responsibilities as a homeowner.

After the Homebuyer Education course is completed, the HBEI Provider will provide the borrower with their THDA Certificate of Completion. The certificate will be in effect for 12 months.

**D. Age of Credit Documents**

All credit documents must be current when submitted to THDA for underwriting. For Commitments with a term of six months (permanent financing on new construction), income documents more than 180 days old must be updated and resubmitted for THDA review and approval when construction is complete.

All updates and requests for extension of the Commitment must be submitted with updated documents for THDA approval prior to the Commitment expiration date.

**E. Qualifying Spouse**

When an application is made by two people, both are considered co-applicants for THDA eligibility purposes. Both must sign the Application Affidavit and the income of both persons must be included in calculating Household Income as described in Section 3.3. Both persons must execute the Note and the Deed of Trust.

**F. Non-Qualifying Spouse**

1. Cannot have owned principal residence in the past three years unless present property being purchased is in a targeted area.
2. Items required as documentation on the non-qualifying spouse:

Ralph M. Perrey, Executive Director



**ORIGINATING AGENTS GUIDE  
REVISION 111**

May 13, 2016

**Remove and discard:**

**Replace with enclosed:**

Page 10 (Revised 08/01/15)..... Page 10 (Revised 06/11/16)

**EFFECT OF CHANGE**

**Effective Saturday, June 11, 2016**, the Household Income Limits decrease for 25 Tennessee counties:

Bedford	Montgomery
Benton	Moore
Bradley	Perry
Carter	Putnam
Coffee	Roane
Cumberland	Sevier
Decatur	Shelby
Hamilton	Smith
Henry	Sullivan
Humphreys	Warren
Lewis	Washington
Marshall	Weakley
McMinn	

All THDA loan applications received on or after June 11, 2016 will be considered in accordance with these new Household Income Limits.



# **Originating Agents Guide**

**JANUARY 2014**

Latest Revision: 5/13/16

## D. Current Acquisition Cost Limits By MSA\*/County

Counties		Acquisition Cost Limits	Household Income Limits		Counties	Acquisition Cost Limits	Household Income Limits	
			1-2 Persons	3 + Persons			1-2 Persons	3 + Persons
Anderson		\$250,000	\$61,762	\$71,026	Lewis	\$250,000	\$56,100	\$64,960
Bedford		\$250,000	\$58,800	\$68,600	Lincoln	T \$300,000	\$67,320	\$78,540
Benton		\$250,000	\$56,100	\$64,960	Loudon	T \$300,000	\$73,920	\$86,240
Bledsoe	T	\$300,000	\$67,320	\$78,540	Macon	T \$375,000	\$67,320	\$78,540
Blount		\$250,000	\$61,762	\$71,026	Madison	T \$300,000	\$67,320	\$78,540
Bradley	*	\$250,000	\$59,160	\$69,020	Marion	T \$300,000	\$69,960	\$81,620
Campbell	T	\$300,000	\$67,320	\$78,540	Marshall	\$250,000	\$59,373	\$68,279
Cannon	T	\$375,000	\$80,280	\$93,660	Maurry	T \$375,000	\$67,320	\$78,540
Carroll	T	\$300,000	\$67,320	\$78,540	McMinn	\$250,000	\$59,880	\$69,061
Carter		\$250,000	\$59,760	\$69,084	McNairy	T \$300,000	\$67,320	\$78,540
Cheatham		\$375,000	\$80,280	\$93,660	Meigs	T \$300,000	\$67,320	\$78,540
Chester	T	\$300,000	\$67,320	\$78,540	Monroe	T \$300,000	\$67,320	\$78,540
Claiborne	T	\$300,000	\$67,320	\$78,540	Montgomery	* \$250,000	\$59,253	\$68,141
Clay	T	\$300,000	\$67,320	\$78,540	Moore	\$250,000	\$61,000	\$70,150
Cocke	T	\$300,000	\$67,320	\$78,540	Morgan	T \$300,000	\$67,320	\$78,540
Coffee	*	\$250,000	\$59,693	\$68,647	Obion	T \$300,000	\$67,320	\$78,540
Crockett	T	\$300,000	\$67,320	\$78,540	Overton	T \$300,000	\$67,320	\$78,540
Cumberland		\$250,000	\$56,100	\$64,960	Perry	\$250,000	\$56,100	\$64,960
Davidson	*	\$375,000	\$80,280	\$93,660	Pickett	T \$300,000	\$67,320	\$78,540
Decatur		\$250,000	\$59,280	\$69,160	Polk	T \$300,000	\$67,320	\$78,540
DeKalb	T	\$300,000	\$67,320	\$78,540	Putnam	\$250,000	\$56,100	\$64,960
Dickson		\$375,000	\$80,280	\$93,660	Rhea	T \$300,000	\$67,320	\$78,540
Dyer	T	\$300,000	\$67,320	\$78,540	Roane	\$250,000	\$59,213	\$68,095
Fayette	T	\$300,000	\$69,600	\$81,200	Robertson	* \$375,000	\$80,280	\$93,660
Fentress	T	\$300,000	\$67,320	\$78,540	Rutherford	* \$375,000	\$80,280	\$93,660
Franklin	T	\$300,000	\$67,320	\$78,540	Scott	T \$300,000	\$67,320	\$78,540
Gibson	T	\$300,000	\$67,320	\$78,540	Sequatchie	T \$300,000	\$69,960	\$81,620
Giles	T	\$300,000	\$67,320	\$78,540	Sevier	\$250,000	\$59,713	\$68,670
Grainger	T	\$300,000	\$67,320	\$78,540	Shelby	* \$250,000	\$60,100	\$69,115
Greene	T	\$300,000	\$67,320	\$78,540	Smith	\$375,000	\$64,800	\$75,600
Grundy	T	\$300,000	\$67,320	\$78,540	Stewart	T \$300,000	\$67,320	\$78,540
Hamblen	*	\$250,000	\$56,760	\$66,220	Sullivan	* \$250,000	\$59,893	\$68,877
Hamilton	*	\$250,000	\$61,200	\$70,380	Sumner	\$375,000	\$80,280	\$93,660
Hancock	T	\$300,000	\$67,320	\$78,540	Tipton	T \$300,000	\$69,600	\$81,200
Hardeman	T	\$300,000	\$67,320	\$78,540	Trousdale	T \$375,000	\$80,280	\$93,660
Hardin	T	\$300,000	\$67,320	\$78,540	Unicoi	T \$300,000	\$67,320	\$78,540
Hawkins	T	\$300,000	\$67,320	\$78,540	Union	T \$300,000	\$73,920	\$86,240
Haywood	T	\$300,000	\$67,320	\$78,540	Van Buren	T \$300,000	\$67,320	\$78,540
Henderson	T	\$300,000	\$67,320	\$78,540	Warren	\$250,000	\$56,100	\$64,960
Henry	*	\$250,000	\$60,013	\$69,015	Washington	* \$250,000	\$59,760	\$69,084
Hickman	T	\$375,000	\$67,320	\$78,540	Wayne	T \$300,000	\$67,320	\$78,540
Houston	T	\$300,000	\$67,320	\$78,540	Weakley	* \$250,000	\$59,633	\$68,578
Humphreys		\$250,000	\$58,853	\$67,681	White	T \$300,000	\$67,320	\$78,540
Jackson	T	\$300,000	\$67,320	\$78,540	Williamson	\$375,000	\$80,280	\$93,660
Jefferson	T	\$300,000	\$67,320	\$78,540	Wilson	\$375,000	\$80,280	\$93,660
Johnson	T	\$300,000	\$67,320	\$78,540	<p>T Denotes a targeted county. The first-time homebuyer requirement is waived.</p> <p>* Denotes that some census tracts in the county are targeted, and in these census tracts, the first-time homebuyer requirement is waived.</p>			
Knox	*	\$250,000	\$61,762	\$71,026				
Lake	T	\$300,000	\$67,320	\$78,540				
Lauderdale	T	\$250,000	\$67,320	\$78,540				
Lawrence	T	\$250,000	\$67,320	\$78,540				

Ralph M. Perrey, Executive Director



**ORIGINATING AGENTS GUIDE  
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May 23, 2016

**Remove and discard:**

**Replace with enclosed:**

Page 10 (Revised 06/11/15).....	Page 10 (Revised 06/11/16(2) )
Page 21 (January 2014).....	Page 21 (Revised 05/23/2016)
Page 28 (Revised 08/13/14).....	Page 28 (Revised 05/23/2016)
Page 37 (January 2014).....	Page 37 (Revised 05/23/2016)
Page 38 (January 2014).....	Page 38 (Revised 05/23/2016)
Page 47 (Revised 09/22/2015).....	Page 47 (Revised 05/23/2016)
Underwriting Submission Checklist	
<i>HO-0549 (10.15)</i> .....	<i>HO-0549 (05.16)</i>

**EFFECT OF CHANGE**

Page 10 has been revised to reflect correct income limits for Bradley County effective June 11, 2016.

Other pages included with this revision contain minor updated form numbers or language changes.





# **Originating Agents Guide**

**JANUARY 2014**

Latest Revision: 5/23/16

## D. Current Acquisition Cost Limits By MSA\*/County

Counties		Acquisition Cost Limits	Household Income Limits		Counties	Acquisition Cost Limits	Household Income Limits	
			1-2 Persons	3 + Persons			1-2 Persons	3 + Persons
Anderson		\$250,000	\$61,762	\$71,026	Lewis	\$250,000	\$56,100	\$64,960
Bedford		\$250,000	\$58,800	\$68,600	Lincoln	T \$300,000	\$67,320	\$78,540
Benton		\$250,000	\$56,100	\$64,960	Loudon	T \$300,000	\$73,920	\$86,240
Bledsoe	T	\$300,000	\$67,320	\$78,540	Macon	T \$375,000	\$67,320	\$78,540
Blount		\$250,000	\$61,762	\$71,026	Madison	T \$300,000	\$67,320	\$78,540
Bradley	*	\$250,000	\$59,160	\$68,739	Marion	T \$300,000	\$69,960	\$81,620
Campbell	T	\$300,000	\$67,320	\$78,540	Marshall	\$250,000	\$59,373	\$68,279
Cannon	T	\$375,000	\$80,280	\$93,660	Maurry	T \$375,000	\$67,320	\$78,540
Carroll	T	\$300,000	\$67,320	\$78,540	McMinn	\$250,000	\$59,880	\$69,061
Carter		\$250,000	\$59,760	\$69,084	McNairy	T \$300,000	\$67,320	\$78,540
Cheatham		\$375,000	\$80,280	\$93,660	Meigs	T \$300,000	\$67,320	\$78,540
Chester	T	\$300,000	\$67,320	\$78,540	Monroe	T \$300,000	\$67,320	\$78,540
Claiborne	T	\$300,000	\$67,320	\$78,540	Montgomery	* \$250,000	\$59,253	\$68,141
Clay	T	\$300,000	\$67,320	\$78,540	Moore	\$250,000	\$61,000	\$70,150
Cocke	T	\$300,000	\$67,320	\$78,540	Morgan	T \$300,000	\$67,320	\$78,540
Coffee	*	\$250,000	\$59,693	\$68,647	Obion	T \$300,000	\$67,320	\$78,540
Crockett	T	\$300,000	\$67,320	\$78,540	Overton	T \$300,000	\$67,320	\$78,540
Cumberland		\$250,000	\$56,100	\$64,960	Perry	\$250,000	\$56,100	\$64,960
Davidson	*	\$375,000	\$80,280	\$93,660	Pickett	T \$300,000	\$67,320	\$78,540
Decatur		\$250,000	\$59,280	\$69,160	Polk	T \$300,000	\$67,320	\$78,540
DeKalb	T	\$300,000	\$67,320	\$78,540	Putnam	\$250,000	\$56,100	\$64,960
Dickson		\$375,000	\$80,280	\$93,660	Rhea	T \$300,000	\$67,320	\$78,540
Dyer	T	\$300,000	\$67,320	\$78,540	Roane	\$250,000	\$59,213	\$68,095
Fayette	T	\$300,000	\$69,600	\$81,200	Robertson	* \$375,000	\$80,280	\$93,660
Fentress	T	\$300,000	\$67,320	\$78,540	Rutherford	* \$375,000	\$80,280	\$93,660
Franklin	T	\$300,000	\$67,320	\$78,540	Scott	T \$300,000	\$67,320	\$78,540
Gibson	T	\$300,000	\$67,320	\$78,540	Sequatchie	T \$300,000	\$69,960	\$81,620
Giles	T	\$300,000	\$67,320	\$78,540	Sevier	\$250,000	\$59,713	\$68,670
Grainger	T	\$300,000	\$67,320	\$78,540	Shelby	* \$250,000	\$60,100	\$69,115
Greene	T	\$300,000	\$67,320	\$78,540	Smith	\$375,000	\$64,800	\$75,600
Grundy	T	\$300,000	\$67,320	\$78,540	Stewart	T \$300,000	\$67,320	\$78,540
Hamblen	*	\$250,000	\$56,760	\$66,220	Sullivan	* \$250,000	\$59,893	\$68,877
Hamilton	*	\$250,000	\$61,200	\$70,380	Sumner	\$375,000	\$80,280	\$93,660
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Hardeman	T	\$300,000	\$67,320	\$78,540	Trousdale	T \$375,000	\$80,280	\$93,660
Hardin	T	\$300,000	\$67,320	\$78,540	Unicoi	T \$300,000	\$67,320	\$78,540
Hawkins	T	\$300,000	\$67,320	\$78,540	Union	T \$300,000	\$73,920	\$86,240
Haywood	T	\$300,000	\$67,320	\$78,540	Van Buren	T \$300,000	\$67,320	\$78,540
Henderson	T	\$300,000	\$67,320	\$78,540	Warren	\$250,000	\$56,100	\$64,960
Henry	*	\$250,000	\$60,013	\$69,015	Washington	* \$250,000	\$59,760	\$69,084
Hickman	T	\$375,000	\$67,320	\$78,540	Wayne	T \$300,000	\$67,320	\$78,540
Houston	T	\$300,000	\$67,320	\$78,540	Weakley	* \$250,000	\$59,633	\$68,578
Humphreys		\$250,000	\$58,853	\$67,681	White	T \$300,000	\$67,320	\$78,540
Jackson	T	\$300,000	\$67,320	\$78,540	Williamson	\$375,000	\$80,280	\$93,660
Jefferson	T	\$300,000	\$67,320	\$78,540	Wilson	\$375,000	\$80,280	\$93,660
Johnson	T	\$300,000	\$67,320	\$78,540	<p>T Denotes a targeted county. The first-time homebuyer requirement is waived.</p> <p>* Denotes that some census tracts in the county are targeted, and in these census tracts, the first-time homebuyer requirement is waived.</p>			
Knox	*	\$250,000	\$61,762	\$71,026				
Lake	T	\$300,000	\$67,320	\$78,540				
Lauderdale	T	\$250,000	\$67,320	\$78,540				
Lawrence	T	\$250,000	\$67,320	\$78,540				

### **4.3 ELIGIBLE LOAN TYPES AND TERMS**

#### **A. Types Of Loans**

Each THDA loan must be one of the following:

1. Insured or guaranteed by one of the following:
  - a. the Department of Veterans Affairs (VA), as evidenced by a Loan Guaranty Certificate (LGC); or
  - b. the Federal Housing Administration (FHA), as evidenced by a Mortgage Insurance Certificate (MIC); or
  - c. the United States Department of Agriculture, Rural Development, as evidenced by USDA/RD Form 3555-17.
2. Conventional loans must have a loan-to-value ratio of 78% or less based on the loan amount divided by the lesser of appraisal or contract sales price. In the case of a self-built new construction, the ratio is based on the lesser of appraised value or actual total cost.

#### **B. Maximum Loan-To-Value Ratios**

As permitted by FHA, VA, USDA/RD, or 78% LTV for conventional loans, subject to any restrictions contained in this Guide.

#### **C. Maximum Loan Amount**

1. Conventional Loans
  - a. All Conventional loans must be underwritten using FNMA and FHLMC guidelines, no expanded approvals allowed. Automated Underwriting Systems, FNMA's (DU) or FHLMC's (LP) must be used for the underwriting decision.
  - b. Loans at 78% or less LTV may be manually underwritten if the borrower/s have no credit score. However, if FNMA or FHLMC's Automated Underwriting System (DU or LP) is used, no expanded approvals are acceptable for THDA loans.
2. FHA, VA or USDA/RD Loans

The Base Loan Amount cannot exceed the appraised value, and cannot exceed THDA's Acquisition Cost limit for the county in which the property is located. The Total Loan Amount may exceed the maximum Acquisition Cost limit by no more than the amount of financed MIP, funding fee or guaranty fee.
3. FHA 203(h) Mortgage Insurance for Disaster Victims

THDA will accept applications under FHA's Section 203(h) Mortgage Insurance for disaster victims, provided they were a tenant who lost the use of their rental primary residence due to a natural disaster located within a Presidentially declared area.

  - Program is in effect for one year from when the President declares the disaster.
  - 100% financing for disaster victims whose homes/residences have been either destroyed or damaged to the point that reconstruction is required in a Presidentially declared disaster area.

## **5.4 DEBTS, OBLIGATIONS AND OTHER EXPENSES**

### **A. Remaining Debt Payments**

Although most program insurer underwriting guidelines allow a certain number of remaining scheduled debt payments to be disregarded for purposes of loan qualifying, the impact of existing debt payments on Applicant's budget at the time of the first scheduled THDA loan payment may be evaluated in THDA's sole discretion.

### **B. Bankruptcy (Chapter 7 and Chapter 13)**

An Applicant's Chapter 7 bankruptcy must be discharged for a minimum of two years and acceptable credit must be re-established to be eligible for a THDA loan.

An Applicant's Chapter 13 bankruptcy must be discharged for a minimum of one year, with all payments on the plan made as agreed, and acceptable credit re-established or maintained during this time.

Applicants currently in bankruptcy are not eligible for THDA loan programs.

### **C. Previous Default**

Applicants with prior foreclosures or deeds-in-lieu are not eligible for THDA loan programs for a period of three years from the date of the foreclosure sale. If the foreclosure or a short sale was on a THDA funded loan, the borrowers are not eligible for another THDA loan.

### **D. Child Support and Alimony Obligations**

Include a copy of the final order, signed by the court. Payments must be current.

### **E. Judgments**

Any and all judgments must be handled in accordance with the program insurer guidelines.

### **F. Federal or State Tax Liens, Tax Arrearages**

All tax liens or arrearages must be paid in full. Include an acceptable explanation from the Applicant.

### **G. Collections**

Any and all collection accounts must be handled in accordance with program insurer guidelines.

### **H. Co-Signed Debt**

Any and all co-signed accounts must be included in Originating Agent underwriting decisions in accordance with program insurer guidelines.

### **I. Child Care Expense**

Child care expenses must be handled in accordance with program insurer guidelines.

### **J. Legally Enforceable Obligation Letter**

If a borrower receives a Great Choice Plus loan and has an FHA first mortgage, a Legally Enforceable Obligation Letter, Form HO-0476, must be signed by Borrower at closing. This letter will be sent to the Originating Agent with the THDA loan commitment.

## **SECTION 7: CLOSING A THDA LOAN**

### **7.1 OVERVIEW**

All THDA approved loans must be closed in compliance with the Commitment and in compliance with the instructions contained in this Guide by a Settlement Agent who is an independent, third-party attorney or a title company. A federal or state regulated financial institution may act as their own Settlement Agent only with THDA's prior written approval, and in THDA's sole discretion. THDA will, however, rely on the Originating Agent to remedy problems concerning closed loan documentation.

Any closed loan subsequently determined to be ineligible due to the terms of the closing, closing documentation, failure to comply with insurer, guarantor or THDA closing conditions, early payment default, and/or any other closing related problem or error, is ineligible for THDA funding, without exception and the Originating Agent will be required to repurchase the loan, at THDA's discretion.

#### **A. Electronic Notes**

A copy of the executed Note for the first and second mortgage (if applicable) should be emailed to [closing@thda.org](mailto:closing@thda.org) or uploaded to the mortgage loan portal within 72 hours of loan closing.

#### **B. Expedite Loan Documents**

The Originating Agent must immediately submit the closed loan file for loan guaranty/insurance and ship servicing documents to the THDA Servicer as soon as possible.

Failure to comply with delivery deadlines will result in the Originating Agent being required to repurchase the loan from THDA or THDA will refuse to purchase the loan. See Section 8.2 for THDA delivery deadlines.

### **7.2 LOAN COMMITMENT**

If the terms of the closed loan do not match the Commitment, or Commitment conditions are not satisfied, the Commitment is void. THDA may refuse to fund, may refuse to purchase or may demand repurchase by Originating Agent of closed first and second loans that do not conform to the Commitment. If any element of the transaction does not match the Commitment or if Commitment conditions are not satisfied, do not proceed with the closing. A revised Commitment must be issued prior to closing if any element of the proposed transaction does not match the Commitment. Contact THDA with any questions or to obtain a revised Commitment prior to closing.

### **7.3 REQUIRED LOAN DOCUMENTS**

#### **A. Loan Documents**

The most recent versions of the following instruments for the applicable loan type must be used, including any applicable riders. A non-qualifying spouse must sign the Deed of Trust:

1.     FHA:   Multistate FHA Note (Tennessee)  
              Multistate FHA Deed of Trust (Tennessee)  
              THDA Rider

2. VA: FNMA/FHLMC Multistate Note (Tennessee)  
FNMA/FHLMC Multistate Deed of Trust (Tennessee)  
VA Rider  
THDA Rider
3. USDA/RD (FmHA):  
FNMA/FHLMC Multistate Note (Tennessee)  
FNMA/FHLMC Multistate Deed of Trust (Tennessee)  
THDA Rider  
USDA/RD loans must close with FNMA/FHLMC documents only.
4. Conventional:  
FNMA/FHLMC Multistate Conventional Note (Tennessee)  
FNMA/FHLMC Multistate Deed of Trust (Tennessee)  
THDA Rider
5. THDA Great Choice Plus Second Deed of Trust and Note
6. Legally Enforceable Obligation Letter

**B. Due Dates**

The promissory note must specify a first payment due date as the first day of the second calendar month following the date of closing. All subsequent payments are due the first day of each month. Interest credits are not allowed on THDA loan closings.

**C. Late Charges**

Late charges are permitted only in compliance with the applicable program insurer's guidelines. If the charge exceeds the allowable rate, the note will be returned for correction and signature by Borrower(s).

**7.4 OTHER REQUIRED DOCUMENTATION**

**A. Title Insurance Policy**

Use ALTA Loan Policy or ALTA Short Form Residential Loan Policy and include the following:

1. The insured amount must be equivalent to the amount of the first mortgage. THDA will not require a Lender's Title Policy on the Great Choice Plus second mortgage.
2. THDA must be a "named insured". Use the following language:

*(Name of Originating Agent), and/or Tennessee Housing Development Agency, and/or (Name of insuring or guaranteeing entity), as their interests may appear.*

OR

*(Name of Originating Agent), its successors and assigns and/or (Name of insuring or guaranteeing entity), as their interests may appear.*

3. Taxes/assessments that are due and payable cannot be indicated as unpaid.

Endorsements to the Title Insurance Policy may be required as determined by THDA.

**O. Copy of MIC/LGC; Original USDA/RD 3555-17, or As Applicable**

1. The MIC must be ordered promptly after closing. THDA must receive a copy of the MIC within 120 days following closing.  
  
Evidence of Originating Agent compliance with HUD's electronic transmission requirements for the Mortgage Record Change must be in the closing package. A copy of the lender query from FHA connection reflecting THDA as the holder.
2. The LGC must be ordered promptly after closing. THDA must receive a copy of the LGC within 120 days following closing.
3. For USDA/RD loans, enclose the original Loan Note Guaranty 3555-17 within 120 days of closing.

Also enclose a copy of RD Form 3555-11, Lender Record Change. The original 3555-11 must be submitted to Rural Development. In the appropriate space, indicate THDA's USDA/RD ID number: 6206001445.

**P. Final Loan Application (1003)**

The final 1003 executed by the borrower(s) must be included in the Closed Loan Submission Package.

**8.5 LOAN REPURCHASE**

**A. Repurchase Obligation**

THDA, in its sole discretion, may refuse to purchase any loan and may require an Originating Agent to repurchase any loan(s) when any of the following exist:

1. Commitment conditions are not satisfied; or
2. The closed loan does not match all elements of the Commitment; or
3. The Originating Agent fails to deliver required documents to the THDA Servicer within the THDA Servicer's deadline; or
4. The loan is refused for servicing by the THDA Servicer; or
5. The Borrower fails to make the first regularly scheduled loan payment to the THDA Servicer ("first payment default"); or
6. The Borrower experiences a first payment default before the MIC, LGC, USDA/RD guarantee or PMI certificate is issued (first payment default is determined by the records of the THDA Servicer indicated on the Commitment); or
7. An entity other than THDA or the Originating Agent is named on the MIC, LGC, USDA/RD guarantee (3555-11, 3555-17 or 3555-18) or PMI Certificate;
8. The Originating Agent fails to deliver closed loan documentation to THDA within specified deadlines; or
9. The loan cannot be insured or guaranteed within 150 days of loan closing or the THDA closing file is incomplete on the 151<sup>st</sup> day following loan closing; or
10. Any material fact discovered subsequent to the closing causes the loan to be ineligible for THDA financing.

**Tennessee Housing Development Agency (THDA)  
Underwriting Submission Checklist**

OA Number: \_\_\_\_\_

Primary Applicant: \_\_\_\_\_

OA Name: \_\_\_\_\_

Property Address: \_\_\_\_\_

OA Address: \_\_\_\_\_

Applicant's Email: \_\_\_\_\_

**Program Type:**

- ☐ Great Choice-1<sup>st</sup> Mortgage  
☐ Great Choice Plus-2<sup>nd</sup> Mortgage  
☐ Homeownership for the Brave

**DU/LP Recommendation**

- ☐ Approve/Eligible  
☐ Refer/Eligible  
☐ Manual No Score

**Loan Type:**

- ☐ FHA  
☐ VA  
☐ USDA/RD  
☐ Conventional

**Property Type:**

- ☐ Single Family Detached  
☐ Condo  
☐ Manufactured Home  
☐ Other \_\_\_\_\_

PLEASE ASSEMBLE PACKAGE IN ORDER LISTED BELOW

**THDA PROGRAM ELIGIBILITY**

- ☐ 1. Buyer Profile
- ☐ 2. Original Application Affidavit(s), Veteran Exemption Application Affidavit
- ☐ 3. Original Seller Affidavit (notarized)
- ☐ 4. Signed and Dated Tax Returns with all schedules and W-2s for the most recent tax year including non-qualifying spouse
- ☐ 5. IRS Non-Filing Confirmation for most recent tax year including non-qualifying spouse
- ☐ 6. Notice to Applicants Federal Recapture Requirements (signed copy)
- ☐ 7. Homebuyer Education Certification
- ☐ 8. Great Choice Plus Loan Program Application for Assistance
- ☐ 9. Disclosure of Loan Terms for Great Choice Plus second mortgage (if applicable)

**CREDIT PACKAGE**

- ☐ 10. FHA Loan Underwriting and Transmittal Summary with condition sheet, **AND** Form 92900A p3, signed by DE Underwriter and DU or LP findings
- ☐ 11. USDA/RHS #3555-18
- ☐ 12. Typed Transmittal Summary (1008) signed by underwriter with DU or LP findings within 90 days of AUS or run date
- ☐ 13. VA/Loan Analysis Worksheet Approval OR VA Certificate of Commitment/DD-214 or DD-4 (if applicable)
- ☐ 14. Initial Loan Estimate
- ☐ 15. Initial Good Faith Estimate for Great Choice Plus mortgage loan
- ☐ 16. Final Loan Application (Typed URLA) 1003 (3 year residency should be stated)
- ☐ 17. Initial Interviewer's Signed Loan Application 1003 (3 year residency should be stated)
- ☐ 18. Credit Report and credit explanation letters (if applicable)
- ☐ 19. Final Divorce Decree/Marital Dissolution (if applicable)
- ☐ 20. Verification of Court Ordered Child Support/Parenting Plan
- ☐ 21. Verification of SSI or Other Assistance
- ☐ 22. Verifications of Employment (verbal is unacceptable)
- ☐ 23. Most Recent Pay Stub (within past 30 days)
- ☐ 24. Verifications of Prior Employment (telephone verification is acceptable)
- ☐ 25. Self-Employment Cash Flow Worksheet, P & L, 2 years Business Tax Returns (corp. or partnership or sole prop.)
- ☐ 26. Verification of Deposit OR Borrower's Bank Statements for the previous two months
- ☐ 27. Gift Letter
- ☐ 28. Sales Contract and Addendum (Copy)
- ☐ 29. Appraisal Report (URAR) and Condition Sheet with VC Sheet/USDA-RD Conditions, and executed conditional commitment (928005.b), VA CRV
- ☐ 30. Final Inspection and Legible Photos of Subject Property (front, rear, street) and Photos or Photocopies of comparable sales
- ☐ 31. Flood Notification (if applicable, signed by Applicant or certified date mailed to Applicant) (Copy)
- ☐ 32. Grant/Down payment assistance approval letters
- ☐ 33. Original Certificate of Title or Original Manufactured Certificate of Origin (Mobile/Manufactured Homes)
- ☐ 34. FHA 203(h) Proof of permanent residence (if applicable)
- ☐ 35. FHA 203(h) Proof of destruction of residence (if applicable)

**THDA RESERVES THE RIGHT TO REQUEST ADDITIONAL DOCUMENTATION TO EVALUATE THIS LOAN APPLICATION.**

The undersigned, an authorized representative of the OA referenced above, hereby certifies and warrants as follows: (i) the information accompanying this submission has been verified and corroborated as required by THDA; (ii) all requirements of applicable federal and/or state law have been met, including, without limitation, all disclosures and requirements in the Federal Reserve Board "Rule" and the Dodd-Frank Act; (iii) the Applicant referenced above and the property proposed for purchase by the Applicant meet all applicable THDA mortgage loan eligibility and program guidelines; and (iv) to the extent this submission is electronic, all documents and affidavits required to be originals or with original signature were obtained.

Originating Agent Authorized Signature \_\_\_\_\_

Print Name and Title \_\_\_\_\_

Date \_\_\_\_\_

Phone No. (\_\_\_\_) \_\_\_\_\_

Fax No. (\_\_\_\_) \_\_\_\_\_

Email address \_\_\_\_\_

Loan Originator Name \_\_\_\_\_

Loan Originator Email \_\_\_\_\_



**ORIGINATING AGENTS GUIDE  
REVISION 113**

June 7, 2016

**Remove and discard:**

**Replace with enclosed:**

Page 10 (Revised 06/11/16(2) ) .....	Page 10 (Revised 06/11/16(3) )
Page 28 (Revised 05/23/16) .....	Page 28 (Revised 06/11/2016)
Page 45 (Revised 09/22/15) .....	Page 45 (Revised 06/11/2016)
Page 47 (Revised 05/23/16) .....	Page 47 (Revised 06/11/2016)

**EFFECT OF CHANGE**

Effective Saturday, June 11, 2016, the Household Income Limits increase for 22 Tennessee counties:

Marion	Loudon
Anderson	Maury
Blount	Robertson
Bradley	Rutherford
Cannon	Sequatchie
Cheatham	Sumner
Davidson	Tipton
Dickson	Trousdale
Fayette	Union
Hamblen	Williamson
Knox	Wilson

All THDA loan applications received on or after June 11, 2016 will be considered in accordance with these new Household Income Limits.

Page 10 is revised to reflect correct income limits for all counties.

Page 28 contains revised language in item C.

Page 45 contains revised language in item D.

Page 47 contains revised language in item O.





# **Originating Agents Guide**

**JANUARY 2014**

Latest Revision: 6/11/16

## D. Current Acquisition Cost Limits By MSA\*/County

		Household Income Limits				Household Income Limits	
Counties	Acquisition Cost Limits	1-2	3 +	Counties	Acquisition Cost Limits	1-2	3 +
		Persons	Persons			Persons	Persons
Anderson	\$250,000	\$61,900	\$71,185	Lewis	\$250,000	\$56,100	\$64,960
Bedford	\$250,000	\$58,800	\$68,600	Lincoln	T \$300,000	\$67,320	\$78,540
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Hardin	T \$300,000	\$67,320	\$78,540	Unicoi	T \$300,000	\$67,320	\$78,540
Hawkins	T \$300,000	\$67,320	\$78,540	Union	T \$300,000	\$74,280	\$86,660
Haywood	T \$300,000	\$67,320	\$78,540	Van Buren	T \$300,000	\$67,320	\$78,540
Henderson	T \$300,000	\$67,320	\$78,540	Warren	\$250,000	\$56,100	\$64,960
Henry	* \$250,000	\$60,013	\$69,015	Washington	* \$250,000	\$59,760	\$69,084
Hickman	T \$375,000	\$67,320	\$78,540	Wayne	T \$300,000	\$67,320	\$78,540
Houston	T \$300,000	\$67,320	\$78,540	Weakley	* \$250,000	\$59,633	\$68,578
Humphreys	\$250,000	\$58,853	\$67,681	White	T \$300,000	\$67,320	\$78,540
Jackson	T \$300,000	\$67,320	\$78,540	Williamson	\$375,000	\$82,200	\$95,900
Jefferson	T \$300,000	\$67,320	\$78,540	Wilson	\$375,000	\$82,200	\$95,900
Johnson	T \$300,000	\$67,320	\$78,540	<p>T Denotes a targeted county. The first-time homebuyer requirement is waived.</p> <p>* Denotes that some census tracts in the county are targeted, and in these census tracts, the first-time homebuyer requirement is waived.</p>			
Knox	* \$250,000	\$61,900	\$71,185				
Lake	T \$300,000	\$67,320	\$78,540				
Lauderdale	T \$250,000	\$67,320	\$78,540				
Lawrence	T \$250,000	\$67,320	\$78,540				

## **5.4 DEBTS, OBLIGATIONS AND OTHER EXPENSES**

### **A. Remaining Debt Payments**

Although most program insurer underwriting guidelines allow a certain number of remaining scheduled debt payments to be disregarded for purposes of loan qualifying, the impact of existing debt payments on Applicant's budget at the time of the first scheduled THDA loan payment may be evaluated in THDA's sole discretion.

### **B. Bankruptcy (Chapter 7 and Chapter 13)**

An Applicant's Chapter 7 bankruptcy must be discharged for a minimum of two years and acceptable credit must be re-established to be eligible for a THDA loan.

An Applicant's Chapter 13 bankruptcy must be discharged for a minimum of one year, with all payments on the plan made as agreed, and acceptable credit re-established or maintained during this time.

Applicants currently in bankruptcy are not eligible for THDA loan programs.

THDA considers re-established credit, tradelines either traditional or non-traditional that have been active for 12 consecutive months.

### **C. Previous Default**

Applicants with prior foreclosures or deeds-in-lieu are not eligible for THDA loan programs for a period of three years from the date of the foreclosure sale. If the foreclosure or a short sale was on a THDA funded loan, the borrowers are not eligible for another THDA loan.

### **D. Child Support and Alimony Obligations**

Include a copy of the final order, signed by the court. Payments must be current.

### **E. Judgments**

Any and all judgments must be handled in accordance with the program insurer guidelines.

### **F. Federal or State Tax Liens, Tax Arrearages**

All tax liens or arrearages must be paid in full. Include an acceptable explanation from the Applicant.

### **G. Collections**

Any and all collection accounts must be handled in accordance with program insurer guidelines.

### **H. Co-Signed Debt**

Any and all co-signed accounts must be included in Originating Agent underwriting decisions in accordance with program insurer guidelines.

### **I. Child Care Expense**

Child care expenses must be handled in accordance with program insurer guidelines.

### **J. Legally Enforceable Obligation Letter**

If a borrower receives a Great Choice Plus loan and has an FHA first mortgage, a Legally Enforceable Obligation Letter, Form HO-0476, must be signed by Borrower at closing. This letter will be sent to the Originating Agent with the THDA loan commitment.

Loans closed by the Purchase Method, if approved by THDA, will be purchased from the Originating Agent by wire transfer. A loan is eligible for purchase when the initial closed loan package, which must include the following documents, has been delivered to THDA.

- Original Note on Great Choice
- Original Note on Great Choice Plus loan, if applicable
- Copy of executed Deeds of Trust
- Title Insurance Commitment
- Copy of executed Warranty Deeds
- Declaration page of Hazard Insurance
- Closing Disclosure
- Copy of Legally Enforceable Obligation Letter, if applicable

**C. Commitment**

Enclose a copy of the Commitment.

**D. Original Note**

Deliver the original Note(s), endorsed to THDA by an authorized Originating Agent staff member. THDA will not fund the purchase of the loan until the original note is received.

**E. Deed of Trust**

Enclose the original recorded Deed(s) of Trust and Rider(s), or a copy (before recording) of the fully executed Deed(s) of Trust and Rider(s) which have been certified as a true and exact copy by the Settlement Agent or an authorized Originating Agent staff member.

THDA must receive the original recorded Deed(s) of Trust and Rider(s) on or before the 120 day deadline. Applicant's signature and typed name on the Deed(s) of Trust, Title Insurance Policy and Warranty Deed(s) must match exactly or a name affidavit must be enclosed. The legal description, book, page, time of recording and other critical data must match the Title Insurance Policy and the Warranty Deed(s), as applicable.

**F. Affidavit of Affixation (Manufactured Home)**

Enclose the original, fully executed and recorded Affidavit of Affixation.

**G. Assignment (n/a If MERS documents submitted)**

Enclose the original recorded Assignment, or a copy (before recording) of the fully executed Assignment which has been certified as a true and exact copy by an authorized Originating Agent staff member.

THDA must receive the original recorded Assignment on or before the 120 day deadline. The recorded Assignment must indicate the correct book and page reference for the recorded Deed(s) of Trust and any subsequent re-recordings. The Title Insurance Policy or an endorsement must reflect the recording and any subsequent re-recordings of the Assignment.

**H. Title Insurance Policy/Endorsements**

Enclose the original Title Insurance Policy and all required endorsements. The original Title Insurance Policy must be received by THDA on or before the 120 Day Deadline.

**O. MIC/LGC; USDA/RD 3555-17, or As Applicable**

1. The MIC must be ordered promptly after closing. FHA connections should reflect insured and holder as THDA.
2. The LGC must be ordered promptly after closing. THDA must receive a copy of the LGC within 120 days following closing.
3. For USDA/RD loans, enclose the Loan Note Guaranty 3555-17 within 120 days of closing. Also enclose a copy of RD Form 3555-11, Lender Record Change. The original 3555-11 must be submitted to Rural Development. In the appropriate space, indicate THDA's USDA/RD ID number: 6206001445.

**P. Final Loan Application (1003)**

The final 1003 executed by the borrower(s) must be included in the Closed Loan Submission Package.

**8.5 LOAN REPURCHASE**

**A. Repurchase Obligation**

THDA, in its sole discretion, may refuse to purchase any loan and may require an Originating Agent to repurchase any loan(s) when any of the following exist:

1. Commitment conditions are not satisfied; or
2. The closed loan does not match all elements of the Commitment; or
3. The Originating Agent fails to deliver required documents to the THDA Servicer within the THDA Servicer's deadline; or
4. The loan is refused for servicing by the THDA Servicer; or
5. The Borrower fails to make the first regularly scheduled loan payment to the THDA Servicer ("first payment default"); or
6. The Borrower experiences a first payment default before the MIC, LGC, USDA/RD guarantee or PMI certificate is issued (first payment default is determined by the records of the THDA Servicer indicated on the Commitment); or
7. An entity other than THDA or the Originating Agent is named on the MIC, LGC, USDA/RD guarantee (3555-11, 3555-17 or 3555-18) or PMI Certificate;
8. The Originating Agent fails to deliver closed loan documentation to THDA within specified deadlines; or
9. The loan cannot be insured or guaranteed within 150 days of loan closing or the THDA closing file is incomplete on the 151<sup>st</sup> day following loan closing; or
10. Any material fact discovered subsequent to the closing causes the loan to be ineligible for THDA financing.

Ralph M. Perrey, Executive Director



**ORIGINATING AGENTS GUIDE  
REVISION 114**

September 23, 2016

**Remove and discard:**

**Replace with enclosed:**

Page 4 (Revised 09/22/2015)..... Page 4 (Revised 10/03/2016)

Page 23 (Revised 10/01/2014 )..... Page 23 (Revised 10/03/2016)

Great Choice Plus Application for Assistance

*Form HO-0573 (09.15)..... Form HO-0573 (10.16)*

Disclosure of Loan Terms for Great Choice Plus

*Form HO-0574 (10.15)..... Form HO-0574 (10.16)*

Second Promissory Note-Great Choice Plus

*Form HO-0503 (12.15)..... Form HO-0503 (10.16)*

**EFFECT OF CHANGE**

**Effective with loan applications dated October 3, 2016**, on all loan submissions requiring down payment assistance, the forgiveness term of the Great Choice Plus second mortgage loan will be 30 years. The loan will remain a 0% interest, deferred second mortgage loan. Repayment is required if the borrower sells or refinances the home before the end of the term.

**Effective with loan applications dated October 3, 2016**, the maximum down payment available in the Great Choice Plus second mortgage loan will change from up to 4% of the sales price to up to 5% of the sales price.



**B. Great Choice Plus: Down Payment/Closing Cost Assistance Loan**

This loan offers down payment and closing cost assistance to first-time homebuyers at no interest but secured by a second deed of trust. This loan is available only with the THDA Great Choice first mortgage loan. The Great Choice Plus loan is a 0% interest rate, deferred payment, forgivable second lien. The second mortgage loan is forgiven at the end of the term of the Great Choice first mortgage loan.

<b>Eligible Borrower</b>	Homebuyer obtaining THDA Great Choice Loan
<b>Maximum Household Income</b>	THDA Great Choice Program Limits apply
<b>Maximum Loan Amount</b>	Up to 5% of Purchase Price
<b>Interest Rate</b>	0%
<b>Loan Term</b>	30 year deferred, forgivable
<b>Underwriting Criteria</b>	Borrowers must have 640 minimum credit score. Must meet all other THDA Underwriting Guidelines. Manual underwriting allowed per THDA guide.
<b>Pre-Payment</b>	The Great Choice Plus loan is due in full upon 1 <sup>st</sup> mortgage payoff, assumption, or refinance. The loan is forgiven at the end of the term of the Great Choice first mortgage. No pre-payment penalty. No assumption of Great Choice Plus allowed, with the exception of a VA assumption.
<b>Allowable Fees</b>	Recording fee
<b>Closing Documents</b>	Great Choice Plus Note and Deed of Trust in the name of THDA
<b>Homebuyer Education</b>	Required prior to closing on THDA Great Choice Plus
<b>Servicing</b>	No monthly second mortgage payment is collected.

## 2. Great Choice Plus

The Great Choice Plus loan is a 0% interest rate, deferred payment, forgivable second lien. The second mortgage loan is forgiven at the end of the term of the Great Choice first mortgage loan.

### **F. Prepayment Penalty**

Prepayment penalties are not permitted on THDA loans.

### **G. Late Charge**

Late charges, if any, must be reflected in the Deed of Trust and Note and must be in compliance with program insurer's guidelines.

### **H. Origination Fee**

Only the authorized Origination Fee and Discount Points may be charged.

### **I. Assumptions**

THDA first mortgage loans are assumable only if the person assuming the THDA loan meets all THDA program requirements applicable to new THDA loans, and the assumption application is approved by THDA. Assumption applications are processed by THDA or the THDA Servicer of the loan to be assumed.

THDA second mortgage loans are not assumable with the exception of a VA assumption.

## **4.4 FEDERAL RECAPTURE**

All THDA loans closed after December 31, 1990, are subject to the federal recapture tax. The recapture tax is designed to recapture a portion of the subsidy associated with THDA loans. Recapture tax liability must be determined at the time the property is sold, if the sale occurs within nine years from the closing of the THDA loan. Refinancing a THDA loan does not trigger recapture tax liability, however, if the property is sold after the date of refinancing but before the ninth anniversary of the THDA loan closing, recapture tax liability must be determined at the time of sale. THDA Originating Agents notify the Applicant about recapture tax at the time a THDA loan application is made by securing their signature on the Notice To Applicants Federal Recapture Requirements.

Whether the recapture tax results in an actual payment to the federal government depends on a number of factors, including changes in family income, gain on the sale of the property, the number of years the THDA loan is outstanding, and the original THDA loan amount. The exact amount to be paid, if any, cannot be determined until the property is sold.

A THDA loan, originally closed after December 31, 1990, that is assumed within nine years from the date of the original THDA loan closing is subject to the recapture tax for an additional nine year period beginning on the date of the assumption.

For further information regarding the federal recapture tax, advise Applicants or Borrowers to contact their tax professional. Written information is available by ordering IRS Form 8828 "Recapture of Federal Mortgage Subsidy" and its accompanying instructions from any IRS office or through the IRS website at [www.irs.gov](http://www.irs.gov).

**Tennessee Housing Development Agency (THDA)**

**Great Choice Plus Loan Program  
Application for Assistance**

**Borrower**

I/We the undersigned borrower(s), are applying for a Great Choice Plus loan to be used for down payment and closing costs assistance under the terms of the Great Choice Plus Program. To induce THDA to provide such assistance, I/we certify as follows:

- a. I/We have applied for an FHA, VA, or USDA/RD THDA funded loan in the amount of \$ \_\_\_\_\_ (Total Loan Amount Including FHA, MIP, VA Funding Fee, or RD Guaranty Fee).
- b. I/We have entered into a Purchase Contract in the state of Tennessee for the amount of \$ \_\_\_\_\_ (Total Purchase Price)
- c. I/We request a Great Choice Plus loan in the amount of \$ \_\_\_\_\_ (no more than 5% of the Purchase Price)
- d. I/We understand the interest rate on the Great Choice Plus loan will be 0 % for a term of 30 years with no monthly payments, forgiven at the end of the term of the Great Choice first mortgage.
- e. I/We understand that in the event of a sale, refinance or any other disposition of all or any part of the property secured by the Great Choice Plus Deed of Trust, the full amount of the Great Choice Plus loan must be repaid to THDA.
- f. I/We understand that a \$50.00 Grant will be provided to my Lender by THDA for the cost of recording the Great Choice Plus Deed of Trust.

\_\_\_\_\_  
Borrower

\_\_\_\_\_  
Date

\_\_\_\_\_  
Co-Borrower

\_\_\_\_\_  
Date

**Lender**

In connection with this application for a Great Choice Plus loan, I, the undersigned duly authorized representative of \_\_\_\_\_ (the lender), certify as follows:

- a. The scheduled loan closing date is \_\_\_\_\_, 20\_\_.
- b. The borrower(s) will not receive any cash at closing as a result of, or from, proceeds from the Great Choice Plus loan. Any "Net Funds to Borrower" at closing will be those allowable by THDA guidelines. (Originating Agent Guide, Section 7.5 D).

\_\_\_\_\_  
Lender

\_\_\_\_\_  
Date

**Tennessee Housing Development Agency (THDA)**

**Disclosure of Loan Terms for Great Choice Plus Second Mortgage Loan**

I acknowledge that I am applying for assistance from Tennessee Housing Development Agency (THDA) in the form of a second mortgage loan, the Great Choice Plus, to utilize for down payment and/ or closing costs assistance.

This disclosure form is required to be presented to me by the Originating Agent before settlement and/ or closing of the mortgage when a Loan Estimate (LE) on the second mortgage loan is not provided.

As a Borrower under this program, I understand that the Great Choice Plus second mortgage loan has the following terms and conditions as explained by my originating lender:

- The term of the Great Choice Plus second mortgage loan is 30 years, forgiven at the end of the term of the Great Choice first mortgage.
- The interest rate is 0% and is non-amortizing, therefore having no required monthly payment.
- There are no costs or fees charged by THDA and the APR will be 0%.
- A GFE is required for the Great Choice Plus second mortgage loan.
- The Great Choice Plus second mortgage loan is required to be repaid upon sale or refinance of my Great Choice first mortgage loan.
- A Grant will be provided to my lender by THDA on my behalf for \$50 of the cost of the recording fees of the Great Choice Plus deed of trust.
- If I have any questions about the Great Choice Plus Second Mortgage Loan I am encouraged to ask my lender or contact THDA for additional information at [SFask@thda.org](mailto:SFask@thda.org) or 1-615-815-2100.

\_\_\_\_\_  
Borrower

\_\_\_\_\_  
Date

\_\_\_\_\_  
Co-Borrower

\_\_\_\_\_  
Date

**TENNESSEE HOUSING DEVELOPMENT AGENCY  
GREAT CHOICE PLUS LOAN PROGRAM  
SECOND PROMISSORY NOTE**

\$Click here to enter text.

Click here to enter text., Tennessee  
Click here to enter text., 20Click here to enter text.

Property Address: Click here to enter text.  
Click here to enter text.

**1. BORROWER'S PROMISE TO PAY**

In return for a loan that I have received, I, the undersigned ("Borrower(s)") do promise to pay U.S. \$Click here to enter text. (this amount is called "Principal") to the order of the Lender. The Lender is TENNESSEE HOUSING DEVELOPMENT AGENCY, Andrew Jackson Building, 3<sup>rd</sup> Floor, 502 Deaderick Street, Nashville, TN 37243-0200 ("Lender"). If required, I will make all payments under this Second Promissory Note in the form of cash, check or money order. This Second Promissory Note is secured by a Great Choice Plus Program Subordinate Deed of Trust ("Second Deed of Trust"). Borrower has also signed a promissory note ("First Note") and deed of trust ("First Deed of Trust") in conjunction with a Great Choice loan to be assigned to Lender (the "First Mortgage Loan") for the purchase of the property described in the Second Deed of Trust (the "Property"). The First Note and the First Deed of Trust and related documents are referred to as the "First Mortgage Loan Documents."

**2. INTEREST**

The interest rate on this Second Promissory Note is 0%.

**3. PAYMENTS**

During the term of this Note, if Borrower is not in default under any of the terms of this Second Promissory Note or the Second Deed of Trust then Borrower shall not be required to make any payments.

**4. TERM**

The term of the loan evidenced by this Second Promissory Note shall be the date that is thirty (30) years from the date of this Second Promissory Note (the "Maturity Date").

**5. INDEBTEDNESS SUBORDINATE**

I acknowledge that the indebtedness evidenced by this Second Promissory Note is subordinate in right of payment to the First Mortgage Loan.

**6. DUE ON SALE**

I will pay to the Lender or subsequent note holder the entire Principal amount then outstanding immediately upon the sale, transfer or other conveyance (whether voluntarily, involuntarily or by operation of law) of all or any part of the Property. I will pay to the Lender or subsequent note holder the entire Principal amount then outstanding immediately upon the refinancing or payment in full of the First Mortgage Loan.

**7. DEFAULT**

I will be in default if: (i) I default in the payment of any sums due under the First Mortgage Loan Documents and such default is not made good prior to the due date of the next installment thereunder, or any cure period provided; or (ii) I refinance, sell or transfer or otherwise alienate all or any part of the Property or any interest therein (voluntarily, involuntarily or by operation of law) without the Lender's prior written consent; or (iii) I fail to occupy the Property as my principal residence during the term hereof; or (iv) I omit or misrepresent a material fact in an application for the First Mortgage Loan or in any of the First Mortgage Loan Documents or in any documents executed in connection with this Second Promissory Note; or (v) I change the use of the Property, or any part thereof, to a use

other than for single-family occupancy by me; or (vi) I default under any of the covenants, terms or conditions contained in this Second Promissory Note or in the Second Deed of Trust, or in any of the First Mortgage Loan Documents, or in any other document concerning or given as security for the indebtedness evidenced hereby; or (vii) I refinance or pay in full the First Mortgage Loan. Notwithstanding the foregoing, a default under the First Note or First Deed of Trust shall not constitute a default under this Second Promissory Note until the holder of the First Note has either (a) accelerated the maturity thereof, or (b) has taken affirmative action to foreclose on the First Deed of Trust.

#### **8. NO WAIVER BY NOTE HOLDER**

Even if, at a time when I am in default, the Lender or subsequent note holder does not require me to pay immediately in full as described above, the Lender or subsequent note holder will still have the right to do so if I am in default at a later time.

#### **9. PAYMENT OF NOTE HOLDER'S COSTS AND EXPENSES**

If the Lender or subsequent note holder has required me to pay immediately in full the Principal amount then outstanding as described above, the Lender or subsequent note holder will have the right to be paid back by me for all of its costs and expenses in enforcing this Second Promissory Note to the extent not prohibited by applicable law. Those expenses include, for example, all court costs and reasonable attorneys' fees.

#### **10. GIVING OF NOTICES**

Unless applicable law requires a different method, any notice that must be given to me under this Second Promissory Note will be given by delivering it or by mailing it by first class mail to me at the Property Address above or at a different address if I give the Lender or subsequent note holder a notice of my different address. Any notice that must be given to the Lender or subsequent note holder under this Second Promissory Note will be given by delivering it or by mailing it by first class mail to the Lender or subsequent note holder at the address stated in Section 1 above or at a different address if I am given a notice of that different address.

#### **11. OBLIGATIONS OF PERSONS UNDER THIS SECOND PROMISSORY NOTE**

If more than one person signs this Second Promissory Note, each person is fully and personally obligated to keep all of the promises made in this Second Promissory Note, including the promise to pay the full amount owed. Any person who is a guarantor, surety or endorser of this Second Promissory Note is also obligated to do these things. Any person who takes over these obligations, including the obligations of a guarantor, surety or endorser of this Second Promissory Note, is also obligated to keep all of the promises made in this Second Promissory Note. The Lender or subsequent note holder may enforce its rights under this Second Promissory Note against each person individually or against all of us together. This means that any one of us may be required to pay all of the amounts owed under this Second Promissory Note.

#### **12. WAIVERS**

I and any other person who has obligations under this Second Promissory Note waive the rights of Presentment and Notice of Dishonor. "Presentment" means the right to require the Lender or subsequent note holder to demand payment of amounts due. "Notice of Dishonor" means the right to require the Lender or subsequent note holder to give notice to other persons that amounts due have not been paid.

#### **13. LENDER'S RIGHTS**

The rights and remedies of the Lender or subsequent note holder as provided by law, by this Second Promissory Note, and by the Second Deed of Trust shall be cumulative and may be pursued singly, successively, or together.

**14. GOVERNING LAW**

This Second Promissory Note is to be governed and construed in accordance with the laws of the State of Tennessee.

**15. SECOND DEED OF TRUST**

In addition to the protections given to the Lender or subsequent note holder under this Second Promissory Note, the Second Deed of Trust, dated the same date as this Second Promissory Note, protects the Lender or subsequent note holder from possible losses which might result if I do not keep the promises which I make in this Second Promissory Note. The Second Deed of Trust describes how and under what conditions I may be required to make immediate payment in full of all amounts I owe under this Second Promissory Note.

BORROWER(S) SIGNATURE:

\_\_\_\_\_  
Borrower

\_\_\_\_\_  
Borrower

\_\_\_\_\_  
Borrower

*[Sign Original Only]*

Ralph M. Perrey, Executive Director



**ORIGINATING AGENTS GUIDE  
REVISION 115**

September 26, 2016

**Remove and discard:**

**Replace with enclosed:**

Page 3 (Revised 02/18/2016) ..... Page 3 (Revised 10/03/2016(2))

**EFFECT OF CHANGE**

Effective Monday, **October 3, 2016**, the interest rate on all Great Choice Mortgage Loan applications will be reduced to **3.75%**. Based on this rate, the Homeownership for the Brave Loan Program will be reduced to **3.25%**.

All loan applications, including electronic submissions, received by THDA on or after **October 3, 2016** must be submitted at the new rate.

All Great Choice applications received by THDA prior to October 3, 2016, and outstanding commitments at the rate of **3.99%** for Great Choice and **3.49%** for Homeownership for the Brave, remain in effect and the respective loan must close at those rates.



## **1.4. CURRENT THDA LOAN PROGRAMS**

### **A. Great Choice Loan Program**

This program is designed for low and moderate income borrowers. Great Choice offers a low interest rate loan secured by a first mortgage with the option of down payment and closing cost assistance to a maximum of 5% of the purchase price at a 0% interest rate, deferred payment, forgivable second loan secured by a second deed of trust. THDA allows the following loan types: FHA, USDA, and VA at the maximum loan limits based on insurer or guarantors guidelines. THDA also allows conventional uninsured loans with a maximum loan to value of 78%.

<b>Maximum Household Income</b>	Varies by county
<b>Maximum Acquisition Cost (Including all incidentals)</b>	Varies by county
<b>Maximum LTV</b>	Subject to FHA, VA, and USDA/RD Guidelines. Conventional Loans 78% LTV or less.
<b>Interest Rate</b>	<b>3.75%</b> fixed rate, subject to change
<b>Loan Term</b>	30 years
<b>Loan Types</b>	FHA, VA, USDA/RD, Conventional
<b>Mortgage Insurance or Guarantee</b>	As required by loan type
<b>Buydowns</b>	Not allowed
<b>Assumable</b>	Subject to qualifying
<b>Pre-Payment Penalty</b>	No penalty
<b>Subject to Recapture</b>	Yes
<b>Required Reserve</b>	As required by loan type
<b>Minimum Investment</b>	As required by loan type
<b>Closing Costs</b>	May come from borrower, seller, a gift, or as required by loan type
<b>Down Payment</b>	As required by loan type
<b>First Time Homebuyer Rule</b>	Borrower must not have an interest in their primary residence within 36 months of application <b>unless</b> the property to be financed with the loan is in a targeted area or the borrower meets the Veteran's exemption. (See THDA website for targeted areas.)
<b>Homebuyer Education</b>	Not required
<b>Origination Fee</b>	Up to 2% maximum
<b>Discount Point</b>	Up to .25

Ralph M. Perrey, Executive Director



**ORIGINATING AGENTS  
GUIDE REVISION 116**

October 31, 2016

**Remove and discard:**

**Replace with enclosed:**

Page 7 (Revised 10/17/14).....	Page 7 (Revised 10/31/2016)
Page 50 (Revised 10/03/16).....	Page 50 (Revised 10/31/2016)
Substitute GFE Form for THDA Subordinates	
<i>HO-0575 (10.15).....</i>	<i>HO-0575 (10.16)</i>

**EFFECT OF CHANGE**

Page 7 contains language change only for the purpose of clarification regarding Discount Points.

Page 50 contains correction to 5% of down payment assistance.

Form HO-0575 is changed to reflect term of 360 months.



Andrew Jackson Building Third Floor - 502 Deaderick St. - Nashville, TN 37243  
[THDA.org](http://THDA.org) - (615) 815-2200 - Toll Free: 800-228-THDA

THDA is an equal opportunity, equal access, affirmative action employer.



2. Discount Points –  $\frac{1}{4}\%$  of the actual or total loan amount is permissible, and is paid to the Origination Agent. Either the Borrower or seller may pay the  $\frac{1}{4}\%$  discount fee.
3. Application Fee – Up to \$600. Either Applicant or Seller may pay this fee.
4. Service Release Fee - The amount depends on the agreement between Originating Agent and an approved THDA Servicer in connection with the sale of servicing. This agreement must be in writing, fully executed, and approved by THDA before a Commitment can be issued by THDA. Servicing can only be sold directly to an approved THDA Servicer.
5. Interest - For loans closed by the Purchase Method, an Originating Agent may retain per diem interest at the note rate for the number of days Originating Agent holds the loan prior to purchase by THDA.

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### **SELLER AFFIDAVIT HO-0451 (09/99)**

The seller of the property must complete a Seller Affidavit for each application file submitted to THDA. The Seller Affidavit is to assist in determining whether the purchase of the property involves more than the purchase price specified in the sales contract.

The seller must sign and date the Seller Affidavit, and it must be notarized. Enclose the original Seller Affidavit in the application file when submitting for THDA underwriting. In the absence of the original Affidavit at the time of loan approval, a prior to closing contingency will be THDA receipt of the original.

### **APPLICATION FOR ASSISTANCE HO-0573 (10/16)**

This form must be completed and the original included in each loan application package submitted under the Great Choice Plus Loan Program. The application should indicate the total FHA loan amount including MIP, the exact (dollars and cents) amount of assistance based on 5% of the sales price, the anticipated closing date, and the complete name of the settlement agent. This form must be signed by the Borrower(s) and an authorized representative of the lender.

### **BUYER PROFILE HO-0439 (02/15)**

This form is critical to facilitate accurate reports by THDA. Complete this form accurately and completely and enclose it with the application file when submitted for THDA underwriting.

### **UNDERWRITING SUBMISSION CHECKLIST HO-0549 (10/15)**

Use this form as a cover sheet for all application files submitted to THDA.

Follow the checklist closely and complete all information. Items omitted may cause the application file to be returned for completion and resubmission. Do not change the size of this form.

The checklist has five main sections:

1. General Information.
2. THDA Program Eligibility. Must include original documents, notarized as indicated.
3. Great Choice Plus Loans/Downpayment/Closing Cost Assistance. Must be documented as indicated, if applicable.
4. Credit Package. Must include documentation, as indicated.

Originating Agent Information: Provide complete information, including the Originating Agent's four-digit O. A. Number as assigned by THDA. An omitted or incorrect Originating Agent number and

**SUBSTITUTE GFE FORM FOR THDA SUBORDINATES****Second Mortgage Good Faith Estimate Disclosure****Great Choice Plus Mortgage Loan**Name of Applicant(s): \_\_\_\_\_  
\_\_\_\_\_

Application/Loan No: \_\_\_\_\_

Date Prepared: \_\_\_\_\_

Property Address: \_\_\_\_\_  
\_\_\_\_\_Prepared by: **TENNESSEE HOUSING DEVELOPMENT AGENCY**

502 Deaderick St., Third Floor

Nashville, TN 37243

The information provided below reflects estimates of the charges which you are likely to incur at the settlement of your loan. The fees listed are estimated – actual charges may be more or less. Your transaction may not involve a fee for every item listed. The numbers listed beside the estimates generally correspond to the numbered lines contained in the HUD-1 settlement statement which you will be receiving at settlement. The HUD-1 settlement statement will show you the actual cost for items paid at settlement.

**Total Loan Amount: \$****Interest Rate: 0%****Term: 360 months****800 ITEMS PAYABLE IN CONNECTION WITH LOAN:**

801	Loan Origination Fee	\$
802	Loan Discount	
803	Appraisal Fee	
804	Credit Report	
805	Lender's Inspection Fee	
808	Mortgage Broker Fee	
809	Tax Related Service Fee	
810	Processing Fee	
811	Underwriting Fee	
812	Wire Transfer Fee	

**1100 TITLE CHARGES:**

1101	Closing or Escrow Fee	\$
1105	Document Preparation Fee	
1106	Notary Fees	
1107	Attorney Fees	
1108	Title Insurance	

**1200 GOVERNMENT RECORDING & TRANSFER CHARGES:**

<b>1201</b>	<b>Recording Fees</b>	<b>\$</b>
1202	City/County Stamps	
1203	State Tax Stamps	

**1300 ADDITIONAL SETTLEMENT CHARGES:**

1202	Pest Inspection	\$
<b>1203</b>	<b>THDA Grant</b>	<b>( \$ 50.00 ) paid by THDA</b>
<b>1204</b>	<b>Homebuyer Education</b>	<b>( \$ 150.00 ) POC paid by THDA</b>

**Estimated Closing Costs: \$**

You are not required to complete this agreement merely because you have received these disclosures or signed a loan application.

These estimates are provided pursuant to the real Estate settlement Procedure Act of 1974, as amended (RESPA). Additional information can be found in the HUD Special Information Booklet at [www.hud.gov/respa](http://www.hud.gov/respa).

Applicant Signature \_\_\_\_\_

Applicant Signature \_\_\_\_\_

Ralph M. Perrey, Executive Director



**ORIGINATING AGENTS GUIDE  
REVISION 117**

December 9, 2016

**Remove and discard:**

**Replace with enclosed:**

Page 3 (Revised 10/03/16)..... Page 3 (Revised 12/19/16)

**EFFECT OF CHANGE**

Effective Monday, December 19, 2016, the interest rate on the Great Choice Loan Program applications will be increased to 4.125%. Based on this rate, the Homeownership for the Brave Loan Program will increase to 3.625%.

All Great Choice loan applications **received by THDA on or after Monday, December 19, 2016,** must be submitted at the higher rate. All applications **received by THDA prior to December 19, 2016,** and outstanding commitments at the lower rates of 3.75% for Great Choice and 3.25% for the Homeownership for the Brave will close at those respective rates.

#### **1.4. CURRENT THDA LOAN PROGRAMS**

##### **A. Great Choice Loan Program**

This program is designed for low and moderate income borrowers. Great Choice offers a low interest rate loan secured by a first mortgage with the option of down payment and closing cost assistance to a maximum of 5% of the purchase price at a 0% interest rate, deferred payment, forgivable second loan secured by a second deed of trust. THDA allows the following loan types: FHA, USDA, and VA at the maximum loan limits based on insurer or guarantors guidelines. THDA also allows conventional uninsured loans with a maximum loan to value of 78%.

<b>Maximum Household Income</b>	Varies by county
<b>Maximum Acquisition Cost (Including all incidentals)</b>	Varies by county
<b>Maximum LTV</b>	Subject to FHA, VA, and USDA/RD Guidelines. Conventional Loans 78% LTV or less.
<b>Interest Rate</b>	<b>4.125%</b> fixed rate, subject to change
<b>Loan Term</b>	30 years
<b>Loan Types</b>	FHA, VA, USDA/RD, Conventional
<b>Mortgage Insurance or Guarantee</b>	As required by loan type
<b>Buydowns</b>	Not allowed
<b>Assumable</b>	Subject to qualifying
<b>Pre-Payment Penalty</b>	No penalty
<b>Subject to Recapture</b>	Yes
<b>Required Reserve</b>	As required by loan type
<b>Minimum Investment</b>	As required by loan type
<b>Closing Costs</b>	May come from borrower, seller, a gift, or as required by loan type
<b>Down Payment</b>	As required by loan type
<b>First Time Homebuyer Rule</b>	Borrower must not have an interest in their primary residence within 36 months of application <b>unless</b> the property to be financed with the loan is in a targeted area or the borrower meets the Veteran's exemption. (See THDA website for targeted areas.)
<b>Homebuyer Education</b>	Not required
<b>Origination Fee</b>	Up to 2% maximum
<b>Discount Point</b>	Up to .25