

Ralph M. Perrey, Executive Director



**ORIGINATING AGENTS GUIDE
REVISION 141**

February 1, 2019

Remove and discard:

Replace with enclosed:

Page 17-B (Revised 01/01/2019).....Page 17-B (Revised 03/18/2019)

EFFECT OF CHANGE

Effective March 18, 2019, the following ten ZIP Codes will be removed from the HHF DPA Program, resulting in 49 eligible ZIP Codes.

<u>ZIP Code</u>	<u>Locality</u>	<u>County</u>
37217	Nashville	Davidson
37890	White Pine	Jefferson
37924	Knoxville	Knox

3.8 HHF-DPA Program Designated Zip Codes

In March, 2017, THDA received approval from the U.S. Department of Treasury to commit \$60 million in federal funding to its new Down Payment Assistance Program. The source of this funding is U.S. Treasury's Hardest Hit Fund (HHF), which was established in the aftermath of the mortgage market crisis to help homeowners at risk of losing their homes to foreclosure.

As of March 18, 2019, THDA's \$15,000 Down Payment Assistance Program is available for existing construction in 49 designated ZIP Codes located in counties based on a number of "stress" factors, including foreclosures, short sales and negative equity rates.

ZIP Codes Eligible for HHF-DPA

37040	37311	37412	37821	37921	38109	38127
37042	37321	37416	37871	38012	38111	38128
37110	37323	37650	37874	38016	38115	38134
37115	37354	37660	37912	38053	38116	38135
37148	37404	37716	37914	38063	38118	38141
37186	37406	37721	37917	38105	38122	38301
37303	37411	37813	37920	38107	38125	38305

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**ORIGINATING AGENTS
GUIDE REVISION 142**

March 25, 2019

Remove and discard:

Replace with enclosed:

Page 3 (Revised 10/15/18)..... Page 3 (Revised 04/02/19)

EFFECT OF CHANGE

Effective Tuesday, April 2, 2019, the interest rate on all Great Choice Mortgage Loan applications will be reduced to **4.50%**. Based on this rate, the Homeownership for the Brave Loan Program will be reduced to **4.00%**.

All loan applications received by THDA on or after **Tuesday, April 2, 2019**, must be submitted at the lower rate.

All Great Choice applications received by THDA prior to **April 2, 2019**, and outstanding commitments at the rate of **4.875%** for Great Choice and **4.375%** for Homeownership for the Brave, must 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%.

Maximum Household Income	Varies by county
Maximum Acquisition Cost (Including all incidentals)	Varies by county
Maximum LTV	Subject to FHA, VA, and USDA/RD Guidelines. Conventional Loans 78% LTV or less.
Interest Rate	4.50% fixed rate, subject to change
Loan Term	30 years
Loan Types	FHA, VA, USDA/RD, Conventional
Mortgage Insurance or Guarantee	As required by loan type
Buydowns	Not allowed
Assumable	Subject to qualifying
Pre-Payment Penalty	No penalty
Subject to Recapture	Yes
Required Reserve	As required by loan type
Minimum Investment	As required by loan type
Closing Costs	May come from borrower, seller, a gift, or as required by loan type
Down Payment	As required by loan type
First Time Homebuyer Rule	Borrower must not have an interest in their primary residence within 36 months of application unless 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.)
Homebuyer Education	Required
Origination Fee	Up to 2% maximum

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**ORIGINATING AGENTS GUIDE
REVISION 143**

March 27, 2019

Remove and discard:

Replace with enclosed:

Page 17-B (Revised 03/18/2019)Page 17-B (Revised 07/01/2019)

EFFECT OF CHANGE

Effective July 1, 2019, the following 11 ZIP Codes will be removed from the HHF DPA Program, resulting in 38 eligible ZIP Codes.

<u>ZIP Code</u>	<u>Locality</u>	<u>County</u>
37040	Clarksville	Montgomery
37042	Clarksville	Montgomery
37110	McMinnville	Warren
37303	Athens	McMinn
37323	Cleveland	Bradley
37660	Kingsport	Sullivan
37721	Plainview	Knox/Union
37821	Newport	Cocke
37912	Knoxville	Knox
38109	Memphis	Shelby
38135	Bartlett	Shelby

3.8 HHF-DPA Program Designated Zip Codes

In March, 2017, THDA received approval from the U.S. Department of Treasury to commit \$60 million in federal funding to its new Down Payment Assistance Program. The source of this funding is U.S. Treasury's Hardest Hit Fund (HHF), which was established in the aftermath of the mortgage market crisis to help homeowners at risk of losing their homes to foreclosure.

As of July 1, 2019, THDA's \$15,000 Down Payment Assistance Program is available for existing construction in 38 designated ZIP Codes located in counties based on a number of "stress" factors, including foreclosures, short sales and negative equity rates.

ZIP Codes Eligible for HHF-DPA

37115	37404	37716	37920	38105	38122	38301
37148	37406	37813	37921	38107	38125	38305
37186	37411	37871	38012	38111	38127	
37311	37412	37874	38016	38115	38128	
37321	37416	37914	38053	38116	38134	
37354	37650	37917	38063	38118	38141	

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**ORIGINATING AGENTS
GUIDE REVISION 144**

May 27, 2019

Remove and discard:

Replace with enclosed:

Page 10 (Revised 08/01/18) Page 10 (Revised 05/27/19)

EFFECT OF CHANGE

Effective May 27, 2019, there will be an increase in income limits for 94 counties, and a decrease in income limits for one county, Smith County. These changes are reflected on page 10 of the Originating Agents Guide.

All THDA loan applications received on or after May 27, 2019 will be considered in accordance with these new Household Income Limits. All THDA loan applications received prior to this date will utilize the old Household Income Limits.

D. Current Acquisition Cost and Income Limits County

Acquisition Cost Limits			Household Income Limits		Acquisition Cost Limits			Household Income Limits	
Counties			1-2 Persons	3 + Persons	Counties			1-2 Persons	3 + Persons
Anderson		\$250,000	\$69,900	\$80,385	Lewis		\$250,000	\$64,500	\$74,175
Bedford		\$250,000	\$64,500	\$74,620	Lincoln	T	\$300,000	\$77,400	\$90,300
Benton		\$250,000	\$64,500	\$74,175	Loudon		\$300,000	\$69,900	\$80,385
Bledsoe		\$300,000	\$64,500	\$74,175	Macon	T	\$375,000	\$77,400	\$90,300
Blount		\$250,000	\$69,900	\$80,385	Madison	*	\$300,000	\$66,840	\$77,980
Bradley	*	\$250,000	\$68,224	\$78,458	Marion		\$300,000	\$67,800	\$77,970
Campbell	T	\$300,000	\$77,400	\$90,300	Marshall		\$250,000	\$68,040	\$78,688
Cannon	T	\$375,000	\$96,000	\$112,000	Mauzy		\$375,000	\$77,640	\$90,580
Carroll	T	\$300,000	\$77,400	\$90,300	McMinn		\$250,000	\$64,500	\$74,175
Carter		\$250,000	\$64,680	\$75,460	McNairy		\$300,000	\$64,500	\$74,175
Cheatham		\$375,000	\$96,000	\$112,000	Meigs	T	\$300,000	\$77,400	\$90,300
Chester		\$300,000	\$66,840	\$77,980	Monroe	T	\$300,000	\$77,400	\$90,300
Claiborne	T	\$300,000	\$77,400	\$90,300	Montgomery	*	\$250,000	\$67,584	\$77,722
Clay		\$300,000	\$64,500	\$74,175	Moore		\$250,000	\$67,404	\$77,515
Cocke	T	\$300,000	\$77,400	\$90,300	Morgan	T	\$300,000	\$77,400	\$90,300
Coffee	*	\$250,000	\$68,224	\$78,458	Obion		\$300,000	\$64,500	\$74,175
Crockett	T	\$300,000	\$77,400	\$90,300	Overton	T	\$300,000	\$77,400	\$90,300
Cumberland		\$250,000	\$64,500	\$74,175	Perry		\$250,000	\$64,500	\$74,175
Davidson	*	\$375,000	\$96,000	\$112,000	Pickett	T	\$300,000	\$77,400	\$90,300
Decatur		\$250,000	\$64,500	\$74,175	Polk	T	\$300,000	\$77,400	\$90,300
DeKalb	T	\$300,000	\$77,400	\$90,300	Putnam		\$250,000	\$66,120	\$77,140
Dickson		\$375,000	\$96,000	\$112,000	Rhea	T	\$300,000	\$77,400	\$90,300
Dyer	T	\$300,000	\$77,400	\$90,300	Roane		\$250,000	\$67,764	\$77,929
Fayette	T	\$300,000	\$79,080	\$92,260	Robertson	*	\$375,000	\$96,000	\$112,000
Fentress	T	\$300,000	\$77,400	\$90,300	Rutherford	*	\$375,000	\$96,000	\$112,000
Franklin	T	\$300,000	\$77,400	\$90,300	Scott	T	\$300,000	\$77,400	\$90,300
Gibson	T	\$300,000	\$77,400	\$90,300	Sequatchie		\$300,000	\$67,800	\$77,970
Giles		\$300,000	\$64,680	\$75,460	Sevier		\$250,000	\$66,720	\$77,840
Grainger	T	\$300,000	\$77,400	\$90,300	Shelby	*	\$250,000	\$66,584	\$76,572
Greene	T	\$300,000	\$77,400	\$90,300	Smith		\$375,000	\$69,120	\$80,640
Grundy	T	\$300,000	\$77,400	\$90,300	Stewart	T	\$300,000	\$77,400	\$90,300
Hamblen	*	\$250,000	\$67,080	\$78,260	Sullivan	*	\$250,000	\$66,120	\$77,140
Hamilton	*	\$250,000	\$67,800	\$77,970	Sumner		\$375,000	\$96,000	\$112,000
Hancock	T	\$300,000	\$77,400	\$90,300	Tipton	T	\$300,000	\$79,080	\$92,260
Hardeman	T	\$300,000	\$77,400	\$90,300	Trousdale	T	\$375,000	\$96,000	\$112,000
Hardin		\$300,000	\$64,500	\$74,175	Unicoi		\$300,000	\$64,680	\$75,460
Hawkins	T	\$300,000	\$77,400	\$90,300	Union	T	\$300,000	\$83,880	\$97,860
Haywood	T	\$300,000	\$77,400	\$90,300	Van Buren	T	\$300,000	\$77,400	\$90,300
Henderson	T	\$300,000	\$77,400	\$90,300	Warren		\$250,000	\$64,500	\$74,175
Henry	*	\$250,000	\$64,500	\$74,175	Washington	*	\$250,000	\$64,680	\$75,460
Hickman		\$375,000	\$64,500	\$74,175	Wayne		\$300,000	\$64,500	\$74,175
Houston	T	\$300,000	\$77,400	\$90,300	Weakley	*	\$250,000	\$65,880	\$76,860
Humphreys		\$250,000	\$67,200	\$78,400	White	T	\$300,000	\$77,400	\$90,300
Jackson	T	\$300,000	\$77,400	\$90,300	Williamson		\$375,000	\$96,000	\$112,000
Jefferson	T	\$300,000	\$77,400	\$90,300	Wilson		\$375,000	\$96,000	\$112,000
Johnson	T	\$300,000	\$77,400	\$90,300	<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	\$69,900	\$80,385					
Lake	T	\$300,000	\$77,400	\$90,300					
Lauderdale	T	\$250,000	\$77,400	\$90,300					
Lawrence	T	\$250,000	\$77,400	\$90,300					

Ralph M. Perrey, Executive Director



**ORIGINATING AGENTS
GUIDE REVISION 145**

June 10, 2019

Remove and discard:

Replace with enclosed:

Page 3 (Revised 04/02/19) Page 3 (Revised 06/17/19)

EFFECT OF CHANGE

Effective Monday, June 17, 2019, the interest rate on the Great Choice Loan Program applications will decrease to 3.875%. Based on this rate, the Homeownership for the Brave Loan Program will decrease to 3.375%.

All loan applications **received by THDA on or after Monday, June 17, 2019**, must be submitted at the lower rate. All applications received by THDA **prior to June 17, 2019**, and outstanding commitments at the higher rates of 4.50% for Great Choice and 4.00% 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%.

Maximum Household Income	Varies by county
Maximum Acquisition Cost (Including all incidentals)	Varies by county
Maximum LTV	Subject to FHA, VA, and USDA/RD Guidelines. Conventional Loans 78% LTV or less.
Interest Rate	3.875% fixed rate, subject to change
Loan Term	30 years
Loan Types	FHA, VA, USDA/RD, Conventional
Mortgage Insurance or Guarantee	As required by loan type
Buydowns	Not allowed
Assumable	Subject to qualifying
Pre-Payment Penalty	No penalty
Subject to Recapture	Yes
Required Reserve	As required by loan type
Minimum Investment	As required by loan type
Closing Costs	May come from borrower, seller, a gift, or as required by loan type
Down Payment	As required by loan type
First Time Homebuyer Rule	Borrower must not have an interest in their primary residence within 36 months of application unless 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.)
Homebuyer Education	Required
Origination Fee	Up to 2% maximum

**ORIGINATING AGENTS
GUIDE REVISION 146**

July 15, 2019

Remove and discard:

Replace with enclosed:

Page 23 (Revised 04/04/17)	Page 23 (Revised 07/15/19)
Page 36 (January 2014)	Page 36 (Revised 07/15/19)
Page 39 (January 2014)	Page 39 (Revised 07/15/19)
Page 40 (Revised 09/22/15)	Page 40 (Revised 07/15/19)
Page 23 (Revised 04/04/17)	Page 23 (Revised 07/15/19)

Closed Loan Submission Checklist

HO-0541 (Revised 02/18)HO-0541 (Revised 07/19)

EFFECT OF CHANGE

Effective July 15, 2019, the following changes apply to the Great Choice Mortgage Loan closing process:

1. The maximum allowable amount for Hazard Insurance deductible will be the maximum of 1% of the loan amount, \$2,500 or the maximum of guarantor's guidelines for VA and USDA loans.
2. The verbal verification of employment (VVOE) utilized by lenders to confirm the borrower's current employment status within 10 business days prior to the note date must be included in the closing package. This item is added to the Closed Loan Submission Checklist HO-0541.

Tennessee Housing Development Agency (THDA)
Closed Loan Submission Checklist

OA Name: _____	THDA Loan #: _____
Contact Person: _____	Primary Borrower: _____
Phone: (_____) _____	Date Loan Closed: _____

Please upload package to: **OLS.THDA.ORG**

In each space below, check items enclosed, or enter “**TF**” (to follow), or “**NA**” (not applicable). Assemble package in order listed. All items except those with an asterisk must be in package at initial delivery (which must be within 10 days of the date loan closed). All items must be complete, fully executed, dated and notarized, if required, all as indicated in each document and the Originating Agents’ Guide.

- _____ Request for Loan Purchase with Acknowledgement and Certification
- _____ Power of Attorney, if applicable
- _____ Initial Escrow Account Disclosure
- _____ Executed Enforceable Obligation Letter (FHA only)
- _____ Original Note, endorsed to THDA
- _____ Original Second Mortgage Note
- _____ *Recorded Deed of Trust and Riders, if applicable; copy of unrecorded with closing package
- _____ Recorded second mortgage deed of trust, if applicable; copy of unrecorded with closing package
- _____ *Recorded Affidavit of Affixation (Manufactured Homes)
- _____ *Recorded Assignment from OA to THDA (n/a if MERS documents submitted) if applicable
- _____ *Title Insurance Policy with THDA named as insured
- _____ Executed Warranty Deed (Certified copy of recorded Warranty Deed if Manufactured Home)
- _____ Signed Closing Disclosure
- _____ THDA Settlement Statement (HUD-1) for second mortgage
- _____ Revised Loan Estimate (if applicable)
- _____ Final executed 1003
- _____ Hazard Insurance policy declarations page or Certificate of Insurance with THDA as named insured, maximum deductible of \$2500
- _____ Life of Loan Flood Hazard Determination
- _____ Notice to Borrower in Special Flood Hazard Area, if applicable
- _____ Flood Insurance Application with THDA as named insured and copy of premium check (if applicable)
- _____ Address Certification (if applicable)
- _____ Name Affidavit (if applicable)
- _____ Copy of clear Termite Letter or soil treatment certificate (if applicable)
- _____ Escrow Agreement for Repairs or Completion of Construction (if applicable)
- _____ THDA Commitment conditions satisfied
- _____ IRS Form 4506
- _____ Final inspection, if applicable
- _____ Verbal Verification of Employment within 10 days of note date
- _____ Hello/Goodbye letter – Notice of Transfer of Servicing
- _____ *Copy of MIC/LGC/Original RECD 1980-17, **OR** as applicable:
 - _____ *Lender query from FHA connection reflecting THDA as the holder*
 - _____ Copy of completed USDA/RD 1980-11 and 1980-18 (conditional commitment)
- _____ **PRIOR TO PURCHASE** -- Original Certificate of Title or Original Manufactured Certificate of Origin (Manufactured Home) if not included in Underwriting Submission Package

FINAL MANDATORY DELIVERY DATE FOR ALL ITEMS:

Closing date + 120 days = _____, ____.

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. Great Choice Plus second mortgage loans can only be used for closing costs, prepaids and down payment assistance.

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 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.

6.6 FUNDING THDA LOANS

Funding Method

All THDA first mortgage loans and THDA Great Choice Plus second mortgage loans are funded by the Purchase Method. Under this funding method, the loan closes with the Originating Agent's funds after all Prior-to-Closing conditions have been cleared by THDA. After the closed loan file is delivered to THDA with acceptable documentation, THDA may purchase the loan.

6.7 ADDITIONAL INFORMATION

A. Scheduling Loan Closings

Depending on volume, THDA attempts to review application files in the order of date received within 5 business days following the date of receipt. Application files received later than those already on hand will not be underwritten out-of-turn due to a scheduled closing date or the personal circumstances of an Applicant or a seller. Applications hand delivered by the Originating Agent after 3:00 P.M. will be considered received the following day for processing purposes. Applications received during the final 5 business days of the month should not be expected to close by end of month.

B. Change Of Property

If, at any time between application and closing, the Applicant wishes to purchase a different property, a new transaction is created. If property is substituted before the application file is submitted to THDA, be sure all references to the original property are omitted (including information on the 1003), and a correct sales contract, appraisal and all original THDA Affidavits showing correct property address are enclosed.

If the Applicant wishes to purchase a property different from that which is indicated in the Commitment, the Commitment is void and a new application reflecting the correct property must be submitted to THDA.

C. Change in Employment

If, at any time between commitment issued and closing, the Applicant is no longer employed at the employment listed on the 1003, as determined by the Verbal Verification of employment (VVOE), THDA must be notified immediately. The commitment is voided.

If the Applicant wishes to continue with the purchase of the property, a correct 1003, income documentation and new approval documents must be provided and a new commitment will be issued.

B. Warranty Deed

The Warranty Deed must convey the property to the borrower(s) indicated on the Commitment.

C. Termite Inspection/Treatment Certificate

Termite Inspections/Treatment Certificate provided as required by the insurer, guarantor or the appraiser.

D. Hazard Insurance

Hazard insurance coverage must be issued in the name(s) of the titled property owner(s). The insurance company issuing the hazard insurance policy must be licensed by the State of Tennessee, and have a current financial rating by Best's Insurance Reports of class IV or better.

The policy must insure against loss due to fire and other hazards covered by the standard extended coverage endorsement on a replacement cost basis. The Borrower may elect to include additional coverages, such as liability and earthquake insurance, and special policy riders.

The minimum acceptable amount of hazard insurance coverage is the appraised value less the site value, as provided in the appraisal, or an amount sufficient to replace the structure as determined by THDA.

The maximum allowable amount for deductible will be the maximum of 1% of the loan amount, \$2,500 or the maximum of guarantor's guidelines for VA and USDA loans. The deductible clause may apply to either fire, extended coverage, or both.

Minimum initial term is one year.

THDA must be named as mortgagee in the original policy or in an endorsement. Use the following language:

Tennessee Housing Development Agency
C/O (THDA Servicer), Loan # _____
(Servicer's mailing address)
(Servicer's city, state, zip)

Coverage must be in force on or before the day of closing.

An original insurance policy or Certificate of Insurance is required. An insurance binder, a memorandum of insurance or a premium bill is not acceptable. The Originating Agent must submit the original policy or certificate to the THDA Servicer promptly after closing and a copy of the declarations page to THDA with the closed loan package.

For loans in condominium developments, secure a Certificate of Insurance for the blanket hazard insurance policy that covers the development or building.

Policies are not acceptable if, under the terms of the carrier's charter, by-laws or policy, contributions or assessments may be made against the Borrower, THDA or THDA's designee; or if by the terms of the carrier's charter, by-laws or policy, loss payment is contingent upon action by the carrier's Board of Directors, policyholders or members; or the policy includes any limiting clauses (other than insurance conditions) which could prevent THDA or Borrower from collecting insurance proceeds.

E. Flood Insurance

Flood insurance is mandatory for all loans with improvements located in Flood Zone A, without exception. A copy of FEMA Form 81-93 Standard Flood Hazard Determination must be included with the closed loan package when submitted to THDA. The Flood Certification MUST state it is for the life of loan. If part of the property is located in Flood Zone A but all of the improvements are outside Flood Zone A, flood insurance is not required, subject to the rules of the loan insurer or guarantor.

To waive the flood insurance requirement, a loan survey is required and must indicate the boundary of Flood Zone A and show that all improvements included in the appraised value are outside of Flood Zone A.

The amount of coverage must equal the total amount of the THDA approved loan up to the maximum amount available through the National Flood Insurance Program.

The maximum allowable amount for deductible will be the maximum of 1% of the loan amount, \$2,500 or the maximum of guarantor's guidelines for VA and USDA loans.

The same mortgagee clause and mailing address previously indicated under "Hazard Insurance" must be used.

A copy of the flood insurance application and a copy of the check for the first year's premium must be enclosed with the closing package shipped to THDA.

F. Escrow for Repairs or Completion of Construction

Escrows for repair should be avoided. Submit the proposed escrow agreement to THDA prior to closing. At a minimum, the escrow agreement must state what the escrow is for, the dollar amount to be escrowed, and the completion date which may not exceed 60 days.

Loans should be closed with repair escrows only if the repairs are minor and can be completed quickly. Escrows for completion of construction should only be for minor items, such as final landscaping that is delayed due to seasonal weather.

The amount to be placed in escrow for the completion of repairs or construction must be the greater of (a) 150 percent of the estimated cost of the repairs or the estimated cost to complete construction or (b) the amount required by the applicable loan insurer or guarantor.

All work must be completed and a final inspection delivered to THDA by no later than 60 days after closing.

An escrow agreement acceptable to THDA for repairs or completion of construction must be used. The Originating Agent must hold and disburse the escrow funds in accordance with the Escrow Agreement.

G. Closing Disclosure

The Closing Disclosure (CD) is required. The principal amount of the second loan should be listed on the CD for the first loan.

H. Verbal Verification of Employment (VVOE)

The verbal verification of employment (VVOE) utilized by lenders to confirm the borrower's current employment status within 10 business days prior to the note date must be included in the closing package.

7.5 OTHER REQUIREMENTS

A. Close In The Name Of

All THDA approved Great Choice loans must be closed in the name of the Originating Agent noted on the Commitment and are assigned to THDA. THDA Great Choice Plus loans must be closed in the name of THDA.

Ralph M. Perrey, Executive Director



**ORIGINATING AGENTS
GUIDE REVISION 147**

August 7, 2019

Remove and discard:

Replace with enclosed:

Page 18 (Revised 02/24/17)	Page 18 (Revised 08/07/19)
Page 25 (Revised 10/01/18)	Page 25 (Revised 08/07/19)
Page 26 (Revised 02/24/17)	Page 26 (Revised 08/07/19)
Page 27 (Revised 01/25/16)	Page 27 (Revised 08/07/19)
Page 32 (Revised 11/01/17)	Page 32 (Revised 08/07/19)
Page 41 (Revised 03/03/17)	Page 41 (Revised 08/07/19)
Page 46 (Revised 11/01/17)	Page 46 (Revised 08/07/19)
Page 50 (Revised 07/15/19)	Page 50 (Revised 08/07/19)
Page 53 (Revised 11/01/17)	Page 53 (Revised 08/07/19)

Disclosure of Loan Terms for HHF-DPA

HO-0574 (07.17)Remove

Program Certification for HHF-DPA

HO-0580 (03.17)Remove

Third Party Authorization Form for HHF-DPA

HHF-DPA-1002(07.17)Remove

EFFECT OF CHANGE

Effective immediately, the Hardest Hit Funds Down Payment Assistance (HHF-DPA) Program is discontinued. All language referencing the program, including loan document forms, is removed.

SECTION 4: OTHER THDA PROGRAM REQUIREMENTS

4.1 ELIGIBLE APPLICANTS

An Eligible Applicant must meet ALL of the following criteria:

1. Possess and demonstrate the legal capacity to incur the THDA debt (not be judged incompetent, and be age 18 or older or have minority removed by judicial process);
2. 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, Desktop Underwriter;
3. Be, or become, within 60 days after the THDA loan closing, a resident of the State of Tennessee and intend to occupy the property as their principal residence;
4. Have gross assets of such amounts as to be considered a person of low or moderate income, as THDA may determine from the documentation contained in the application file (See Section 5.2); and
5. Agree to occupy the property as their principal residence and agree not to rent the property during the term of the THDA loan, as sworn to in the Application Affidavit and as precluded by the THDA Rider.
6. Must be a U.S. citizen or permanent resident alien.

4.2 PROPERTY ELIGIBILITY

A. Eligible Property

Eligible property must meet all of the following requirements:

1. Be one of the following:
 - (a) A detached or semi-detached house;
 - (b) A row-house, townhouse, condominium or be part of a planned unit development. For a property located in a condominium development, including developments less than 100% complete, the condominium development must have approval by either FHA, VA, USDA/RD, FHLMC or FNMA;
 - (c) A one, two, three, or four-family residence, one unit of which must be occupied by Applicant as his/her principal residence;
 - (d) Any of the above types of residences, existing, new or proposed:
 - (1) built on site, or
 - (2) a modular home permanently attached to a foundation (in compliance with HUD guidelines, or
 - (3) a HUD approved double-wide manufactured home permanently attached to a foundation (in compliance with HUD Manual 4930.3, "Permanent Foundations Guide for Manufactured Housing"), with wheels, axles, towing tongue and running lights removed. If any portion of a

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:
 - a. Income verified and a current pay stub.
 - b. Signature on an original Application Affidavit (can be on the same Affidavit as borrower or on a separate Affidavit).
 - c. Copy of the most recent tax year Federal Income Tax Return and W-2's.
 - d. Signature on the Deed of Trust at closing (signing away marital interest).

G. Co-Signers

THDA will not approve any loan that includes the use of a co-signer.

5.2 ASSETS

A. Substantial Liquid Assets

If an Applicant has non-recurring deposits in excess of \$300 the Applicant must explain the source and circumstances of such deposits. THDA will make a case-by-case determination of the acceptable level of liquid assets and/or recurring income based on the information and documentation provided in the application file.

B. Sale of Assets

Funds to close the THDA loan that are obtained from the sale of an asset must be documented. Include a copy of the bill of sale.

If the source of funds to close are from the sale of commercial property, manufactured home (chattel) or non-owner occupant residential real estate, documentation must be provided to establish whether income is being received, or will be received, or to show that the property was sold and not retained for rental income. If there is financing income or rental income, it must be included in Household Income (See Section 3.3).

C. Gift Letter

A gift letter must be properly documented and verified in accordance with program insurer guidelines.

5.3 VERIFICATIONS

A. Employment Verifications

Full documentation is required for THDA. All current full-time and part-time employment or self-employment covering a period of at least the last two years must be verified in writing. Telephone verification is acceptable on previous employment. For current employment not verified with a standard 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

S. Sales Contract

Include a copy of the purchase agreement (fully executed by seller and Applicant) in the application file. Any changes to the purchase agreement must be initialed by seller and Applicant.

T. FHA Conditional Commitment

Enclose the HUD Form 92800.5B (FHA Conditional Commitment) and the Appraisal Analysis Sheet, both signed by the DE Underwriter.

U. Appraisal

Enclose an original Uniform Residential Appraisal Report (FMNA 1004) in the application file. The Uniform Residential Appraisal Report must reflect inspections of both the interior and exterior of the dwelling. If the original Appraisal must be submitted to the loan insurer or guarantor, a legible copy must be enclosed.

If the negotiated sales price for the property was modified after the Appraisal was provided, enclose a letter from the appraiser that indicates any changes in the appraiser's conclusions.

V. Flood Notification

If the property lies within a Special Flood Hazard Zone, the Originating Agent must make proper and timely disclosure to the Applicant in compliance with federal regulations. Provide a life of loan Flood Hazard certification with the initial underwriting submission package or closed loan documents.

W. Loan Estimate

The initial Loan Estimate (LE) must be included in the Underwriting Submission Package and any subsequent changes in the LE, if necessary, must be included in the Closed Loan Submission Package. The LE must be provided for all second mortgage loans. Recording fees are the only allowable fees for second mortgage loans.

X. Title Commitment

Title commitment must be provided to determine if borrowers have any tax liens. Title searches must include public record information.

6.3 DOCUMENTING NEW CONSTRUCTION FOR CUSTOM BUILT HOMES

NOTE: *This section does not apply to the purchase of a new or proposed residence located on a lot that is not owned by the Applicant prior to the date of the loan closing.*

A. Documentation Required

1. Copy of Warranty Deed to lot.
2. Copy of construction contract.
3. Contractor's detailed cost estimate, if applicable.
4. Contractor's final itemized bill, if applicable.
5. Final inspection with photos, when complete.

B. Manufactured Housing

For manufactured housing, additional or substituted documentation must include a contract for the manufactured home and documentation for the cost of foundation, utilities, landscaping, driveways and all other necessary improvements.

B. Qualifying Spouse

Applications involving married applicants require that both spouses meet the first-time homebuyer eligibility, except in Targeted Areas or if eligible for a veteran's exemption.

A non-qualifying spouse must sign the Deed of Trust.

C. Rescission

THDA cannot fund or purchase a loan that is closed with a Three-day Right of Rescission.

D. Net Funds "To Borrower"

A borrower cannot receive any funds from the closing that exceed amounts that they paid in advance from their personal funds for earnest money, appraisal fees, credit report fees, and homebuyer education counseling. If a grant from an entity other than THDA is included in the transaction, coordinate this subject with the grant provider. Borrowers using Great Choice Plus assistance cannot receive any funds at closing from the assistance provided.

There are circumstances that arise at the closing table that cause excessive cash back to the borrower. In these situations, THDA will allow a principal reduction to cure the issue.

E. Original Certificate of Title or Original Manufactured Certificate (MCO) of Origin (Manufactured Home)

If the seller of the subject property has a mortgage on the property and the lien holder is in possession of the original title or MCO and will not release it until their loan is paid off, the original Certificate of Title with any lien noted thereon having been marked released, or Manufactured Certificate of Origin ("MCO"), in the name of the seller of the subject property or having been endorsed to the seller MUST be provided to THDA with the closing documents. If the Manufactured Home consists of more than one (1) unit, you will need to provide the title or "MCO" for each unit. THDA will not purchase the loan until we receive the original certificate of Title or original MCO.

F. Affidavit of Affixation (Manufactured Home)

An Affidavit of Affixation is required on all manufactured home loans and must be recorded as a separate document. It cannot be recorded with or attached to the Deed of Trust. THDA's Affidavit of Affixation (Form HO-0453) is to be used unless the Settlement Agent uses an Affidavit of Affixation that meets the statutory requirement of TCA Section 55-3-138.

G. Warranty Deed

A copy of the Warranty Deed (certified copy of recorded Warranty Deed if Manufactured Home) to the subject residence must be provided to THDA in the Closed Loan Submission package.

7.6 CLOSING COSTS

Closing Costs and Fees a THDA Borrower May Pay

1. The borrower may pay any and all reasonable and customary fees and costs normally charged in the market place. If THDA, in its sole discretion, determines that the borrower has been charged a fee that is exorbitant or not customarily charged in the market place, the Originating Agent will be required to refund these fees to the borrower.

I. Warranty Deed

Enclose a copy (before recording) of the fully executed Warranty Deed(s) that convey(s) the property to the Borrower. A copy of the recorded Warranty Deed(s) is/are required if a Manufactured Home.

J. Closing Disclosure

The Closed Loan Submission Package must include the Closing Disclosure (CD). The CD must be included for Great Choice Plus second mortgage loans.

Great Choice Loan Allowable Fees

I. Great Choice Loan:

A loan originator may designate an origination point on page 2 of the CD. THDA allows up to 2% origination points for all Great Choice loans.

Please note that THDA allows the Originating Agent to charge normal and customary fees, including without limitations, appropriate application fee. If the Originating Agent elects to charge an Application Fee, it must be included on the CD.

II. Great Choice Plus Loan:

THDA only allows customary recording fees. THDA does not allow Lender title policy on the Great Choice Plus loan. THDA Great Choice Plus loans are exempt from state stamp taxes.

K. Hazard Insurance

THDA must receive a copy of the hazard insurance policy declarations page, or a copy of the Certificate of Insurance, signed by an authorized agent of the insurance company. The original policy or Certificate of Insurance must be sent to the THDA Servicer.

L. Termite Inspection/Treatment Certificate (when applicable)

See Section 7.4.C.

M. Flood Insurance (when applicable)

See Section 7.4.E.

N. Commitment Conditions

Enclose any documents to satisfy, at closing, conditions specified in the Commitment, if not otherwise satisfied with documents listed above.

SECTION 9: THDA FORMS AND INSTRUCTIONS

As a result of Tax Code requirements, THDA must require certain forms. Application files or closed loan packages that do not contain fully executed THDA forms, as required, will not be accepted by THDA. These forms must be included in THDA application files and in THDA closed loan packages as indicated in this Guide. THDA forms are in addition to the typical forms utilized in the mortgage industry. These forms are to be considered part of this Guide.

THDA forms may not be altered.

THDA forms may not be distributed to a lender who is not an Originating Agent or to any other unauthorized individual or entity.

Detailed instructions for completion of each THDA form follows in the order that they are typically encountered in the lending process:

- Application Affidavit HO-0450 (03/11)
- Veteran Exemption Application Affidavit HO-0460 (02/07)
- Notice to Applicants Federal Recapture Requirements HO-0448 (07/17)
- Seller Affidavit HO-0451 (09/99)
- Buyer Profile HO-0439 (02/15)
- Underwriting Submission Checklist HO-0549 (11/17)
- Affidavit of Affixation HO-0453 (12/06)
- Legally Enforceable Obligation Letter HO-0476
- Closed Loan Submission Checklist HO-0541 (07/19)
- THDA Rider HO-0440 (08/03)
- Request for Loan Purchase with Acknowledgement and Certification HO-0444 (02/18)
- Disclosure of Loan Terms for Great Choice Plus Second Mortgage Loan HO-0574 (02/17)

APPLICATION AFFIDAVIT HO-0450 (03/11)

VETERAN EXEMPTION APPLICATION AFFIDAVIT HO-0460 (02/07) (If Applicable)

The Application Affidavit or Veteran Exemption Application Affidavit (if applicable Application Affidavit) must be executed by each applicant and non-qualifying spouse. The household income figure to be provided in item #4 is the maximum allowable income for the size of the applicant's household and location of property. The acquisition cost figure for Great Choice is to be provided in item #5 is the maximum THDA acquisition cost for the county in which the property is located. The original Application Affidavit or Veteran Exemption Application Affidavit is required by THDA. All changes or whiteouts must be initialed by the Applicant(s).

Each Application Affidavit or Veteran Exemption Application Affidavit, must be executed and notarized within the State of Tennessee; however, in rare circumstances, an Application Affidavit or Veteran Exemption Application Affidavit may be executed and notarized outside the State of Tennessee, such as when a person is a member of the armed forces, is stationed outside the state and is unable to be present while the application is being processed.

Provide all information indicated. Check the appropriate box indicating whether the loan file is complete in all respects or not. Sign and date where indicated, print name and title, and provide telephone number. Omitted information may cause the loan file to be returned to the Originating Agent.

**DISCLOSURE OF LOAN TERMS FOR GREAT CHOICE PLUS SECOND MORTGAGE LOAN
HO-0574 (03/03/17)**

This disclosure is required to be presented to the Borrower by the Originating Agent before settlement. This disclosure meets the exemption requirements under Secretary of HUD's special notice "Exemptions from Coverage Under Sections 4 and 5 of RESPA for Certain Subordinate Loans Provided by Assistance Programs for Low to Moderate Income People" dated October, 2010. This disclosure is required if a LE/CD is not provided on the subordinate second mortgage loan.

Ralph M. Perrey, Executive Director



**ORIGINATING AGENTS
GUIDE REVISION 148**

August 28, 2019

Remove and discard:

Replace with enclosed:

Page 32 (Revised 08/07/19)..... Page 32 (Revised 08/28/19)

Underwriting Submission Checklist

HO-0549 (04.18)HO-0549 (08.19)

EFFECT OF CHANGE

Effective immediately, the hazard insurance declaration page must be submitted with the underwriting package.

S. Sales Contract

Include a copy of the purchase agreement (fully executed by seller and Applicant) in the application file. Any changes to the purchase agreement must be initialed by seller and Applicant.

T. FHA Conditional Commitment

Enclose the HUD Form 92800.5B (FHA Conditional Commitment) and the Appraisal Analysis Sheet, both signed by the DE Underwriter.

U. Appraisal

Enclose an original Uniform Residential Appraisal Report (FMNA 1004) in the application file. The Uniform Residential Appraisal Report must reflect inspections of both the interior and exterior of the dwelling. If the original Appraisal must be submitted to the loan insurer or guarantor, a legible copy must be enclosed.

If the negotiated sales price for the property was modified after the Appraisal was provided, enclose a letter from the appraiser that indicates any changes in the appraiser's conclusions.

V. Flood Notification

If the property lies within a Special Flood Hazard Zone, the Originating Agent must make proper and timely disclosure to the Applicant in compliance with federal regulations. Provide a life of loan Flood Hazard certification with the initial underwriting submission package or closed loan documents.

W. Loan Estimate

The initial Loan Estimate (LE) must be included in the Underwriting Submission Package and any subsequent changes in the LE, if necessary, must be included in the Closed Loan Submission Package. The LE must be provided for all second mortgage loans. Recording fees are the only allowable fees for second mortgage loans.

X. Title Commitment

Title commitment must be provided to determine if borrowers have any tax liens. Title searches must include public record information.

Y. Hazard Insurance

Hazard Insurance Declarations Page must be provided. See Section 7.4, item D. Hazard Insurance.

6.3 DOCUMENTING NEW CONSTRUCTION FOR CUSTOM BUILT HOMES

NOTE: *This section does not apply to the purchase of a new or proposed residence located on a lot that is not owned by the Applicant prior to the date of the loan closing.*

A. Documentation Required

1. Copy of Warranty Deed to lot.
2. Copy of construction contract.
3. Contractor's detailed cost estimate, if applicable.
4. Contractor's final itemized bill, if applicable.
5. Final inspection with photos, when complete.

B. Manufactured Housing

For manufactured housing, additional or substituted documentation must include a contract for the manufactured home and documentation for the cost of foundation, utilities, landscaping, driveways and all other necessary improvements.

**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-1st Mortgage
☐ Great Choice Plus-2nd 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. Notice to Applicants Federal Recapture Requirements (signed copy)
- ☐ 5. Homebuyer Education Certification, HHF-DPA Combo Certificate
- ☐ 6. Disclosure of Loan Terms for Great Choice Plus second mortgage (if applicable)
- ☐ 7. Disclosure of Loan Terms for HHF-DPA second mortgage (if applicable)
- ☐ 8. Initial Disclosures for Great Choice Plus mortgage loan or HHF-DPA mortgage loan

CREDIT PACKAGE

- ☐ 9. FHA Loan Underwriting and Transmittal Summary with condition sheet, **AND** Form 92900A p3, signed by DE Underwriter and DU or LP findings
- ☐ 10. USDA/RHS #3555-18
- ☐ 11. Typed Transmittal Summary (1008) signed by underwriter with DU or LP findings within 90 days of AUS or run date
- ☐ 12. VA/Loan Analysis Worksheet Approval OR VA Certificate of Commitment/DD-214 or DD-4 (if applicable)
- ☐ 13. Initial Loan Estimate
- ☐ 14. Final Loan Application (Typed URLA) 1003 (3 year residency should be stated)
- ☐ 15. Initial Interviewer's Signed Loan Application 1003 (3 year residency should be stated)
- ☐ 16. Credit Report and credit explanation letters (if applicable)
- ☐ 17. Final Divorce Decree/Marital Dissolution (if applicable)
- ☐ 18. Verification of Court Ordered Child Support/Parenting Plan
- ☐ 19. Verification of SSI or Other Assistance
- ☐ 20. Verifications of Employment (verbal is unacceptable)
- ☐ 21. Most Recent Pay Stub (within past 30 days)
- ☐ 22. Signed and Dated Tax Returns with all schedules and W-2s for the most recent tax year including non-qualifying spouse
- ☐ 23. IRS Non-Filing Confirmation for most recent tax year including non-qualifying spouse
- ☐ 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. Deposit Verification
- ☐ 27. Gift Letter
- ☐ 28. Sales Contract and Addendum (Copy)
- ☐ 29. Title Commitment
- ☐ 30. Hazard Insurance Declarations Page
- ☐ 31. Appraisal Report (URAR) and Condition Sheet with VC Sheet/USDA-RD Conditions, and executed conditional commitment (928005.b), VA CRV
- ☐ 32. Final Inspection and Legible Photos of Subject Property (front, rear, street) and Photos or Photocopies of comparable sales
- ☐ 33. Flood Notification (if applicable, signed by Applicant or certified date mailed to Applicant) (Copy)
- ☐ 34. Grant/Down payment assistance approval letters
- ☐ 35. Original Certificate of Title or Original Manufactured Certificate of Origin (Mobile/Manufactured Homes)
- ☐ 36. FHA 203(h) Proof of permanent residence (if applicable)
- ☐ 37. 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

Ralph M. Perrey, Executive Director



**ORIGINATING AGENTS
GUIDE REVISION 149**

September 9, 2019

Remove and discard:

Replace with enclosed:

Page 3 (Revised 06/17/19) Page 3 (Revised 09/16/19)

EFFECT OF CHANGE

Effective Monday, September 16, 2019, the interest rate on the Great Choice Loan Program applications will decrease to 3.50%. Based on this rate, the Homeownership for the Brave Loan Program will decrease to 3.00%.

All loan applications **received by THDA on or after Monday, September 16, 2019**, must be submitted at the lower rate. All applications received by THDA **prior to September 16, 2019**, and outstanding commitments at the higher rates of 3.875% for Great Choice and 3.375% 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%.

Maximum Household Income	Varies by county
Maximum Acquisition Cost (Including all incidentals)	Varies by county
Maximum LTV	Subject to FHA, VA, and USDA/RD Guidelines. Conventional Loans 78% LTV or less.
Interest Rate	3.50% fixed rate, subject to change
Loan Term	30 years
Loan Types	FHA, VA, USDA/RD, Conventional
Mortgage Insurance or Guarantee	As required by loan type
Buydowns	Not allowed
Assumable	Subject to qualifying
Pre-Payment Penalty	No penalty
Subject to Recapture	Yes
Required Reserve	As required by loan type
Minimum Investment	As required by loan type
Closing Costs	May come from borrower, seller, a gift, or as required by loan type
Down Payment	As required by loan type
First Time Homebuyer Rule	Borrower must not have an interest in their primary residence within 36 months of application unless 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.)
Homebuyer Education	Required
Origination Fee	Up to 2% maximum

Ralph M. Perrey, Executive Director



ORIGINATING AGENTS GUIDE REVISION 150

November 12, 2019

Remove and discard:

Replace with enclosed:

Page 1 (January 2014)	Page 1 (Revised 11/12/19)
Page 24 (Revised 10/01/18)	Page 24 (Revised 11/12/19)
Page 25 (Revised 08/07/19)	Page 25 (Revised 11/12/19)
Page 28 (Revised 06/11/16)	Page 28 (Revised 11/12/19)
Page 33 (January 2014)	Page 33 (Revised 11/12/19)
Page 34 (January 2014)	Page 34 (Revised 11/12/19)
Page 35 (January 2014)	Page 35 (Revised 11/12/19)

EFFECT OF CHANGE

Effective November 12, 2019, the new rate lock/reservation system is launched.

- Rate lock terms are 90 days for existing construction and 180 days for new/proposed construction.
- New commitment term is valid through the rate expiration date.
- Rate lock desk is available 9:00 am until 4:30 pm Central Time.

SECTION 1: THDA

THE GUIDE

This Originating Agents Guide amends and replaces the Originating Agents Guide dated September 2004 (the “Prior Guide”) and, together with all subsequent revisions, modifications or updates (the “Guide”) provided by the Tennessee Housing Development Agency (“THDA”), contains information about THDA loan programs and specific requirements for qualifying applicants, submitting, closing and delivering loans for THDA. The Prior Guide shall apply to all THDA approved loans closed on or prior to September 30, 2013, and this Guide shall apply to all THDA approved loans closed on or after October 1, 2013.

THDA may revise, modify or update this Guide from time to time and will notify Originating Agents of such changes. THDA may provide notice of changes by posting such changes to its web site at www.thda.org.

1.2 HOURS OF OPERATION AND HOLIDAY SCHEDULE

The Single Family Programs Division hours of operation are 6:30 a.m. until 4:30 p.m. Central Time, Monday through Friday. Rate lock desk is available 9:00 a.m. until 4:30 p.m. Central time on all THDA business days. The Single Family Programs Division will be closed on official State holidays which are as follows:

New Year’s Day
Martin Luther King Day
Presidents’ Day
Good Friday
Memorial Day
Independence Day
Labor Day
Columbus Day*
Veteran’s Day
Thanksgiving Day
Christmas Day**

* This holiday may be exchanged for a holiday on the Friday after Thanksgiving.

**Other holidays around Christmas may be announced later.

1.3 SINGLE FAMILY PROGRAMS DIVISION STAFF DIRECTORY

The Single Family Programs Division of THDA has day-to-day operational control of the origination and closing of THDA mortgage loans. All correspondence should be directed to:

Single Family Programs Division
Tennessee Housing Development Agency
502 Deaderick Street
Third Floor
Nashville, TN 37243

Any interested person may receive a packet of general information concerning THDA loan programs by leaving their name and address on the Single Family Programs General Information line (see below) or on the THDA toll-free (TN) message line: 1-800-228-8432. Information is also available on the THDA website at www.thda.org.

SECTION 5: PROCESSING AND CREDIT UNDERWRITING REQUIREMENTS

5.1 OVERVIEW

A. Rates and Rate Lock

Current interest rates are listed on our website at www.thda.org. Rates can be locked at any time prior to submission. Loans must be locked at the time the complete loan file is submitted to THDA for approval. For mortgage loan programs described in section 1.4, existing construction rates will be locked for 90 days; new/proposed construction will be locked for 180 days. One 30 day extension may be allowed. Rate lock desk is available 9 a.m to 4:30 pm CST during THDA's business days.

B. 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.

C. 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 and the insurer, program accepted, underwriting software, i.e. Loan Product Advisor (LPA), 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.

D. Homebuyer Education

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. Each person on loan is required to obtain homebuyer education. The following formats are available for Homebuyer Education:

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 after which course must be retaken.

E. Age of Credit Documents

All credit documents must be current when submitted to THDA for underwriting. Loan must close by the earliest date, date listed on AUS findings or rate expiration date For new/proposed construction loans, income documents more than 120 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.

F. 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.

G. 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:
 - a. Income verified and a current pay stub.
 - b. Signature on an original Application Affidavit (can be on the same Affidavit as borrower or on a separate Affidavit).
 - c. Copy of the most recent tax year Federal Income Tax Return and W-2's.
 - d. Signature on the Deed of Trust at closing (signing away marital interest).
 - e. Must be US Citizen or permanent resident alien

H. Co-Signers

THDA will not approve any loan that includes the use of a co-signer.

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.

K. Establishing / Re-establishing Credit

Borrower(s) must show credit worthiness to obtain financing with THDA. If establishing or re-establishing credit, 3 non-traditional trade lines with 12 month good payment history must be provided, the combination of traditional and non-traditional trade lines can be provided. Additional information may be required at the discretion of THDA.

C. Borrower Obtains Construction Loan

1. Verification of the construction loan amount and term is required and should be added to the 1003. No cash out to borrower at closing is allowed.
2. If the applicants have hired a contractor to build the home, a copy of the construction contract is required and, at a minimum, the construction contract must state total cost or price. It cannot state cost plus a percent for profit.

6.4 THDA UNDERWRITING DECISIONS

A. THDA Underwriting Results

THDA Underwriters review each application file (original, update or re-submission). This review results in one of the following:

1. THDA Underwriters may approve an application file without conditions or subject to conditions as specified in Section 6.5.
2. THDA Underwriters may request additional documentation from the Originating Agent.
3. THDA Underwriters may reject an application that fails to meet the requirements of this Guide.
4. THDA Underwriters will reject an application if Household Income exceeds current Household Income Limits, if Acquisition Cost exceeds current Acquisition Cost Limit, if the property is not eligible for THDA financing, or if the Applicant's credit is not acceptable to THDA. THDA, at its sole discretion, reserves the right to credit underwrite any loan and issue a denial based on unacceptable credit issues.

B. Rejections

Any application file rejected by a THDA Underwriter is reviewed by management before the Originating Agent is notified.

C. Re-Submissions

Re-submitted application files are processed by THDA in the same manner as new application files. THDA reserves the right to question a re-submitted application file that reveals significant income, deposit or asset discrepancies when compared to the application file that was initially submitted.

6.5 COMMITMENTS

A. Application Approval

An application file is not approved until a written Commitment is issued by THDA.

B. Commitment Term

Commitment term is determined when a mortgage loan file has a rate locked. Commitments for existing homes are issued for a period of up to 90 days. Commitments for new/proposed construction homes are issued for a period of up to 180 days. Loans must be closed by the rate lock expiration date. Commitment is void when rate lock expires.

C. Commitment Conditions

Commitments may be conditioned by THDA as follows:

1. Commitments may be issued with Prior-To-Closing conditions that must be satisfied before the loan can be closed, or
2. Commitments may be issued with conditions indicated under the heading “Receipt, With Closing Documents” (closing conditions).

D. Satisfying THDA Commitment Conditions

1. All Prior-To-Closing conditions must be satisfied in a manner satisfactory to THDA prior to loan closing. Submit all documents needed to clear all Prior-To-Closing conditions for each application file simultaneously.
2. All Closing Conditions (indicated on the Commitment as “Receipt, With Closing Documents”) must be satisfied by the time the loan is closed. Documentation acceptable to THDA to satisfy Closing Conditions must be included with the closed loan file when uploaded to THDA.
3. THDA, in its sole discretion, may refuse to purchase any loan when any loan closing condition is not satisfied.

E. Update of Application or Commitment

The application file and the Commitment must be updated in the following situations:

1. After the Commitment is issued, if the Originating Agent becomes aware of significant changes in the Applicant’s household composition, income or credit, updated documentation must be submitted to THDA for review and approval.
2. When construction is complete (based on new/proposed construction) final inspection, final photos and updated income documents (if more than 120 days old) must always be submitted for THDA review and approval.
3. All requests for an extension of a Commitment must be accompanied with updated income documents if the income documents are more than 120 days old (new/proposed construction).

F. Loan Amount or Program Type Changes

Occasionally, there will be a change in the loan amount, and/or the loan program may change. If the final loan amount is less than the loan amount indicated in the commitment, the Originating Agent should immediately contact THDA.. THDA will issue a revised Commitment, but closing can proceed, providing all other elements of the commitment have been satisfied.

If the final loan amount is more than the amount indicated in the Commitment, the Originating Agent should immediately contact THDA Underwriting. Closing should not be scheduled or held if already

scheduled. The Originating Agent must submit revised loan amount documentation and the updated Originating Agent underwriter approval on the higher loan amount.

In any and all cases where the loan amount changes after receiving the THDA approval, THDA must be contacted before loan closing occurs. Do not close THDA loans when discrepancies exist.

G. Commitment Delivery

THDA will deliver Commitments to Originating Agents by email based on documentation provided on the Underwriting Submission Checklist and OA Working Agreement.

H. Void Commitments

A Commitment is void under the following circumstances:

1. Prior-to-Closing conditions are not satisfied, as determined by THDA, before the loan is closed;
2. Documentation in connection with “Receipt, With Closing Documents” (Closing Conditions) is not submitted with the closed loan package, or is not satisfactory to THDA;
3. A grantee on the Warranty Deed is not named in the Commitment;
4. The property described in the closing documents differs from the property indicated in the Commitment and/or on original URAR;
5. The loan closes as a loan type that is different from the loan type indicated on the Commitment;
6. The loan closes in an amount larger than the amount indicated on the Commitment;
7. The interest rate or loan term differs from the Commitment;
8. The monthly principal and interest payment in the promissory note is less than the principal and interest payment indicated on the Commitment;
9. The monthly principal and interest payment in the promissory note exceeds the principal and interest payment indicated on the Commitment by more than \$.01;
10. The loan closes prior to the date of Commitment;
11. The loan closes after the Commitment expiration date (rate lock date) without Commitment extension by THDA;
12. The closed loan servicing package is delivered to a servicer other than THDA;
13. The closed loan does not otherwise conform to the requirements contained in this Guide.

A loan closed with a void Commitment is not eligible for THDA funding. THDA will not purchase a loan if the loan was closed with a void Commitment.

Ralph M. Perrey, Executive Director



**ORIGINATING AGENTS GUIDE
REVISION 151**

December 16, 2019

Remove and discard:

Replace with enclosed:

Page 3 (Revised 9/16/19) Page 3 (Revised 12/20/19)

EFFECT OF CHANGE

Effective December 20, 2019, the interest rate on the Great Choice Loan Program applications will be increased to 3.75%. Based on this rate, the Homeownership for the Brave Loan Program will increase to 3.25%.

All interest rate locks received by THDA on or after Friday, December 20, 2019, will be locked at the higher rate. All complete application submissions or rate locks received by THDA prior to December 20, 2019, and outstanding commitments at the lower rates of 3.50% for Great Choice and 3.00% 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%.

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