

Ralph M. Perrey, Executive Director



MEMORANDUM

DATE: January 23, 2020

TO: All Originating Agents

FROM: Rhonda Ronnow, Director of Single Family Loan Operations

SUBJECT: **Introducing GC97 - Freddie Mac HFA Advantage Mortgages**

THDA is pleased to announce the upcoming return of conventional financing. “**GC97-Freddie Mac HFA Advantage**” is an HFA Advantage mortgage offered through Freddie Mac. THDA will be offering the product at a loan to value up to 97%. The “**GC-97 Plus**” option offers second mortgage financing of \$7,500 towards down payment and closing cost assistance, for a maximum combined loan to value (CLTV) of 105%. The second mortgage will be an amortizing loan with the following terms for payments: 15 years and 3% interest rate.

The HFA Advantage product is offered within a mortgage-backed security (MBS), which is a different execution than the standard Great Choice product which utilizes mortgage revenue bonds (MRB). THDA will continue to purchase these loans directly from our participating lenders, however, the delivery schedule and lock schedule will be different than the MRB program.

Highlights for the HFA product include the following:

- Lower private mortgage insurance coverage, which will save borrowers on their monthly payments. Traditional PMI requirement ends once the borrower reaches 20% equity in the property, unlike FHA loans which continue for the life of the loan.
- Flexibility for loan qualification for borrowers with student loan debt.
- Income limits apply differently for the GC97
- Qualifying income of the borrower(s) on the loan is used instead of household income limits

THDA believes this product will be an additional enhancement to the Great Choice line of mortgage products. THDA relies upon our lenders to provide the information for both the Great Choice and the GC97 programs to the borrowers to assist with making financial decisions.

In order to be ready for the new product, the Originating Agent Working Agreement for the MBS Loans (GC97 / GC97 Plus) is included for review. If you would like to participate in the MBS program, please execute the agreement and return to THDA with the following items:

- Quality Control Procedures; most recent 90 days QC report with management responses

- Lender's hiring procedures for checking all employees, including management, in the origination of mortgage loan against GSA excluded parties list, HUD LDP List and FHFA SCP list
- Copy of your Freddie Mac approval
- Systems in place to transfer LPA feedback results and UCDP appraisal to THDA at time of loan submission

THDA is excited to offer this new product and will have the official launch of the product during the **Tennessee Housing Conference March 11, 2020 at the Music City Center**. The lender rollout schedule will be provided during the conference. THDA encourages our lending partners to attend to receive valuable information from our program partner Freddie Mac. Registration for the conference can be found here: <https://tnhousingconference.com/>.

Similar to THDA's mortgage servicing initiative, THDA will roll out this program to our lenders in phases. THDA developed a Lender Profile which tracks the timeliness and quality of the submissions for the Great Choice Program. The GC97 rollout schedule is based upon timeliness of meeting delivery deadlines and document submission quality. THDA also understands the need of ensuring systems are in place with the lenders' lock desk and Information Technology groups. Lenders are encouraged to share this information with both groups to assist with new program implementation.

Thank you for your continued support and participation in the THDA mortgage loan programs. If you have any questions, please call 615-815-2100, send an e-mail to SFask@thda.org or contact your local THDA Customer Account Manager.

Ralph M. Perrey, Executive Director



MEMORANDUM

DATE: March 20, 2020

TO: All Originating Agents

FROM: Rhonda Ronnow, Director of Single Family Loan Operations

SUBJECT: **Lender Guidance during COVID-19 National Emergency**

As THDA continues to monitor the impact of the COVID-19, we have received several questions from our Originating Agents. We want to assure you that we have taken action to protect our staff and we have executed our business continuity plan. All Single Family Loan Operations staff are working remotely, we do not anticipate any interruptions or extended turn times for underwriting or purchasing loans at this time.

THDA's rate lock system, THELMA is available and we have not had any changes with the lock process. Loan submissions should continue to contain the following, appropriate documentation to evidence the borrower(s) income, all applicable items indicated on the submission checklist and the automated underwriting system (AUS) results. THDA will continue to require a verbal verification of employment (VVOE) with the closing package. With employers closing we do anticipate more specific directions from HUD and the GSEs regarding this issue. The IRS has extended tax day for 2019 taxes to July 15, 2020, THDA will follow the IRS direction.

THDA's homebuyer education team is working closely with the counseling network to monitor turnaround time for the 1-hour required follow up session. We strongly encourage the follow up sessions to be completed via phone or Zoom, during this time we are discouraging any in-person counseling. If your borrower is experiencing a turnaround time that exceeds 2 business days to schedule the follow up session or if your borrower's follow up session is scheduled for more than 7 days out, please notify our homebuyer education team at homebuyereducationinfo@thda.org

To assist customers that do not have internet access, the following procedure has been put in place:

- Lender to complete an exception request to allow pre-purchase to be completed as soon as available after closing, which is acknowledged by the borrower; this will be available on our website by Monday.
 - Lender must be in good standing with THDA, lender cannot have any outstanding loans with trailing documents exceeding 120 days.
 - Service Release Premium (SRP) will be retained by THDA if counseling is not provided within 120 days of closing.
- Exception requests will be emailed to THDA at homebuyereducationinfo@thda.org
- THDA staff will review the lender's request; if approved, refer the customer to a HBEI education/counseling agency in their area.

- Borrower must make phone contact with a counselor prior to closing.

We have information from ALTA that many title insurance companies are offering an Indemnity & Undertaking Agreement with their title agents. If you have a loan and the register's office is closed, therefore a deed of trust cannot be recorded, a copy of the executed agreement between the title agent and title insurance provider should be included in the closing file. The file should also include the appropriate executed affidavits. The following link provides access to monitor register closings <https://www.alta.org/business-tools/coronavirus.cfm>.

Tennessee is a state that has Remote On-line Notarization (RON) legislation, more information can be found here <https://sos.tn.gov/products/business-services/online-notaries-public>. THDA will allow RON documents executed per state legislation, including application and seller affidavits. Wet signatures are required on mortgage note(s), deeds of trust(s) and THDA's mortgage rider.

Please continue to email your mortgage note(s) immediately after closing to closing@thda.org. We request a color image to identify the original blue ink signature. When uploading the closing package to THDA's online system THELMA, please include the tracking slip for the overnight containing the original note.

THDA understands we are currently in a difficult time with employment uncertainties, therefore, we would like to provide some relief to the Originating Agents for first payment defaults. For THDA mortgage bond loans a 90 day moratorium on first payment defaults will be put in place immediately. If any loan closed during the Presidentially-declared National Emergency, as long as the loan did not contain other faults, the lender would not be required to repurchase the loan. Our servicing staff will work with the borrower(s) to offer options.

These are challenging and uncertain times, and we are monitoring the situation closely and making adjustments as needed. We are committed to continuing our communication with our partners as adjustments are made. In-person trainings have been temporarily suspended, however our Customer Account Managers are available to host webinars.

Thank you for your continued support and participation in the THDA mortgage loan programs. If you have any questions, please call 615-815-2100, e-mail SFask@thda.org or contact your local THDA Customer Account Manager.

Ralph M. Perrey, Executive Director



MEMORANDUM

DATE: March 23, 2020

TO: All Originating Agents

FROM: Rhonda Ronnow, Director of Single Family Loan Operations

SUBJECT: **Update on GC97 - Freddie Mac HFA Advantage**

Thank you to our lending and real estate network for attending the 2020 Tennessee Housing Conference. I would like to provide highlights from the conference as well as an update for the rollout schedule.

THDA is preparing for the GC97 program to launch on July 1st. THDA will roll out this program to our lenders in phases, similar to our mortgage servicing initiative. We are including the rollout schedule for your review. THDA developed a Lender Profile which tracks the timeliness and quality of submissions for the Great Choice Program. The GC97 rollout schedule is based upon timeliness of meeting delivery deadlines and document submission quality. Currently we are piloting the program with a few lenders to determine any process changes as well as to development in-depth training for all lenders.

Highlights for the product include the following:

- DPA provided through second mortgage financing, max CLTV 105% to assist with down payment and/or closing costs are as follows:
 - Sales price <\$150,000, DPA of \$6,000
 - Sales price ≥ \$150,000, DPA of \$7,500
 - Interest rate is the same as the first mortgage and the loan is amortized over a 30 year term.
- Lower private mortgage insurance coverage
- No first time homebuyer requirement
- Flexibility for loan qualification for borrowers with student loan debt
- Income limits apply differently for the GC97
- Qualifying income of the borrower(s) on the loan is used instead of household income limits
- Lender compensation up to 2.75%
- Since this is not a bond loan, there are not any pre-closing disclosures needed, such as affidavits.

What can THDA's approved lenders do to prepare for participation in the new product? Work with your information technology department and secondary lock desk to implement the appropriate procedures and processes. Review the GC-97 guide as well as the comparison matrix.

Please provide the following information/documentation to Nancy Herndon at nherndon@thda.org.

1. **Originating Agent Working Agreement for the MBS Loans (GC97 / GC97 Plus)**
2. **Quality Control Procedures**
 - Include most recent **90 days QC reports** with management responses
3. **Lender's hiring procedures for checking all employees**, including management, in the origination of mortgage loan against GSA excluded parties list, HUD LDP List and FHFA SCP list
4. **Copy of your Freddie Mac approval**; providing S/SN or TPO number is sufficient
5. **Written statement** that systems are in place to transfer LPA feedback results and assign the appraisal within UCDP to THDA at time of loan underwriting submission. This program is a Freddie Mac product which has a different execution, therefore THDA is requiring certification that the necessary systems are in place.

THDA will be providing training schedules in the next few weeks. All training will be conducted by webinars at this time. Thank you for your continued support and participation in the THDA mortgage loan programs. If you have any questions, please call 615-815-2100, send an e-mail to SFask@thda.org or contact your local THDA Customer Account Manager.

Ralph M. Perrey, Executive Director



MEMORANDUM

DATE: March 24, 2020

TO: All Originating Agents

FROM: Rhonda Ronnow, Director of Single Family Loan Operations

SUBJECT: Interest Rate Increase for Mortgage Revenue Bond (MRB) Program

THDA would like to announce that **effective Thursday, March 26, 2020**, the interest rate on the Great Choice Mortgage Loan Program will increase to **4.00%**. Based on this rate, the Homeownership for the Brave Mortgage Loan Program will increase to **3.50%**. To alleviate any delays with the review of the loan application submission, as well as the receipt of timely commitments from THDA, please verify all submission documentation reflects the correct interest rate as indicated on the lock confirmation.

All interest rate locks **received by THDA on or after Thursday, March 26, 2020**, will be locked at the higher rate. All rate locks received by THDA **prior to March 26, 2020**, 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.

This is the second rate change since THDA implemented the new rate lock system on November 12, 2019, therefore the process has some changes to align with industry standards. As a reminder, rate locks for existing construction are for 90 days and new/proposed construction are for 180 days. The THDA commitment will expire on the same date the interest rate expires. Property and/or borrower cannot change from loan lock to loan submission.

Thank you again for your continued support and participation in the THDA mortgage program.

If you have any questions, please call 615-815-2100 or send an e-mail to SFask@thda.org.

Ralph M. Perrey, Executive Director



MEMORANDUM

DATE: March 30, 2020

TO: All Originating Agents

FROM: Rhonda Ronnow, Director of Single Family Loan Operations

SUBJECT: **Lender Temporary Guidance During COVID-19**

As THDA continues to monitor the impact of the COVID-19, staff has received several questions from our Originating Agents. THDA wants to assure you that senior staff has taken action to protect our team members and to continue serving our customers. All Single Family Loan Operations staff are working remotely, and therefore THDA **does not** anticipate any interruptions or extended turn times for underwriting or purchasing loans at this time.

THDA'S PROGRAMS

THDA sells tax-exempt mortgage revenue bonds to investors and uses the proceeds from the sale to purchase the government loans from our lenders. THDA does not securitize or sell our bond loans. THDA is also self-sufficient and funds down payment assistance utilizing its own funds. These loans are owned by THDA, and serviced by the servicing department, Volunteer Mortgage Loan Servicing (VMLS). You can access the VMLS website to review the actions implemented to assist borrowers during the COVID-19 pandemic: <https://volservicing.com/>. Since these loans are "whole" loans, this provides THDA more flexibility.

THDA is currently testing a Mortgage Backed Security pilot, and all COVID-19 guidance for that program is under the direction of Freddie Mac.

LOCKING RATES

THDA's rate lock system, THELMA, is available and there have been no changes with the lock process. Existing construction has a 90 day lock and new construction has a 180 day lock. Loan submissions should continue to contain the following: appropriate documentation to evidence the borrower(s) income, all applicable items indicated on the Submission Checklist and the automated underwriting system (AUS) results.

APPRAISALS

THDA follows ML 2020-05, temporary changes to FHA's appraisal protocols. Most Single Family Purchase transactions may utilize an optional Exterior-Only or Desktop-Only Appraisal inspection scope of work. The Exterior-Only and Desktop-Only Appraisal options must continue to be reported on the current FHA approved appraisal forms with amended certifications and scope of work disclosures. The appraisal report must include a signed certification indicating whether the Appraiser did or did not personally inspect the subject property and the extent of the inspection.

Exterior-Only Option

The required protocols and exhibits under the Exterior-Only Option are:

- Appraiser will observe the Property and Improvements from the street.
- The Appraisal will be completed “AS IS” unless Minimum Property Requirements (MPS) related deficiencies are observed from the street or otherwise known.
- The Appraiser may utilize extraordinary assumptions when necessary.
- No sketch, interior photos or rear exterior photographs are required.

Desktop-Only Option

The required protocols and exhibits under the Desktop-Only Option are:

- Appraiser will not physically observe the Property and Improvements.
- The Appraisal will be completed “AS IS” unless MPR related deficiencies are known.
- The Appraiser may utilize extraordinary assumptions when necessary.
- No sketch, interior photos, exterior photographs are required.
- No comparable viewing nor photos are required.

1004D Completion Report (Inspection)

When a final inspection is required to evidence completion of a required repair, FHA will permit a letter signed by the borrower affirming that the work was complete with further evidence of completion by photograph, paid invoice, occupancy permits or other substantially similar documentation. These flexibilities are not permitted on new construction.

Temporary Waiver of Damage Inspection Reports in Presidentially-Declared Major Disaster Areas:

Friday, March 27, 2020, the Federal Housing Administration (FHA) issued a waiver of its Single Family Housing Policy Handbook 4000.1 (SF Handbook) policy to temporarily suspend the requirement that FHA roster appraisers must complete damage inspection reports for properties pending sale or endorsement in Presidentially-Declared Major Disaster Areas (PDMDAs) associated with COVID-19. This waiver of SF Handbook policy is effective immediately. The waiver that needs to be provided in the file can be found here:

<https://www.hud.gov/sites/dfiles/Housing/documents/DamageInspectionWaiverinPDMDA.pdf>

VVOE

Effective immediately, THDA will require a verbal verification (VVOE) with the closing package dated within 5 days of the note date. Per ML2020-05, FHA is allowing flexibilities related to the Originating Agent's process of completing re-verification of employment, which includes verbal verifications of employment. Originating Agents do not need to provide a re-verification of employment prior to the Note date as described in Handbook 4000.1, Sections II.A.4.c.ii(C)(1)-(2) and II.A.5.b.ii(C)(1)-(2) Traditional and Alternative Current Employment Documentations, **provided that the Mortgagee is not aware** of any loss of employment by the borrower and has obtained:

- For forward purchase transactions, evidence the Borrower has a minimum of 2 months of Principal, Interest, Taxes and Insurance (PITI) in reserves; and
- A year-to-date paystub or direct electronic verification of income for the pay period that immediately precedes the Note date, or
- A bank statement showing direct deposit from the Borrower's employment for the pay period that immediately precedes the Note date.

The direction from HUD will stay into effect until May 17, 2020.

IRS/TAX RETURNS/NON-FILING

The IRS has extended tax day for 2019 taxes until July 15, 2020, and THDA will follow the IRS direction. The IRS is temporarily suspending new Income Verification Express Service (IVES) requests at this time as they make adjustments for the impact of the state and local shelter in place. The borrower(s) most recent tax return available should be included in the loan submission package sent to THDA. THDA will allow a signed copy from the borrower, a signed copy from the borrower's tax preparer or the borrower can access their own tax returns from the IRS website, <https://www.irs.gov/individuals/get-transcript>.

THDA also understands that obtaining a non-filing verification is difficult at this time. Please continue to try all avenues to have a non-filing in the underwriting submission package. THDA will need a signed statement from the borrower and/or occupants if non-filing is not in the file. Keep in mind since 2019 tax day has been extended until July 15, 2019, typically it is 60 days after that date before the IRS will issue a non-filing for 2019. At this time we are looking for 2018 non-filings and all statements (W2 or 1099, etc.) regarding any work during 2019. If a non-filing cannot be obtained, a trailing closing document condition will be issued to allow your loan to be closed and purchased by THDA. THDA will still need the non-filing within 120 days after closing. THDA will continue to monitor the IVES status with IRS in regards to a non-filing. If the IVES system is unavailable at 120 days, THDA will waive the trailing condition. If IVES is available and the non-filing is not provided to THDA, it is considered late delivery of trailing documents and 100 bps service release will be retained by THDA.

HOMEBUYER EDUCATION

THDA's homebuyer education team is working closely with the counseling network to monitor turnaround time for the 1-hour follow up session required after the online course. Staff strongly encourage the follow up sessions be completed via phone or Zoom; during this time staff is discouraging any in-person counseling. If your borrower is experiencing a turnaround time that exceeds 2 business days to schedule the follow up session, or if your borrower's follow up session is scheduled for more than 7 days out, please notify the homebuyer education team at HomebuyerEducationInfo@thda.org.

To assist customers who do not have internet access, an exception request may be submitted using the **Homeownership Education After Closing Exception Form** found on the website in the Loan Documents section. Each exception must be pre-approved by THDA; approval will allow pre-purchase education to be completed as soon as available after closing. The lender must complete the form, have it signed by borrower, and sent by email to HomebuyerEducationInfo@thda.org **prior to loan submission.**

CLOSURES OF RECORDING OFFICES

We have information from ALTA that many title insurance companies are offering an Indemnity and Undertaking Agreement with their title agents. If you have a loan and the register's office is closed, and therefore a deed of trust cannot be recorded, a copy of the executed agreement between the title agent and title insurance provider should be included in the closing file. The file should also include the appropriate executed affidavits. The following link provides access to monitor recording office closings <https://www.alta.org/business-tools/coronavirus.cfm>. THDA is monitoring closing of these offices closely, and files will be conditioned accordingly. Please provide signed affidavits, the signed agreement or evidence from the title company if the recording office has reopened.

REMOTE ON-LINE NOTARIZATION (RON)

Tennessee is a state that has Remote On-line Notarization (RON) legislation; more information can be found here <https://sos.tn.gov/products/business-services/online-notaries-public>. THDA will allow RON documents executed per state legislation, including application and seller affidavits. Wet signatures are required on mortgage note(s), deeds of trust(s) and THDA's deed of trust rider.

MORTGAGE NOTES

Please continue to email your mortgage note(s) immediately after closing to closing@thda.org. THDA requests a color image to identify the original blue ink signature. When uploading the closing package to THDA's online system THELMA, please include the tracking slip for the overnight containing the original note.

FIRST PAYMENT DEFAULTS

This is a difficult time with employment uncertainties; therefore, THDA would like to provide some relief to the Originating Agents for first payment defaults. For loans THDA purchases with bond proceeds, a 90 day moratorium on first payment defaults will be put in place **immediately**. If any loan closed during the Presidentially-Declared National Emergency, as long as the loan did not contain other faults, the Originating Agent would not be required to repurchase the loan. VMLS servicing staff will work with the borrower(s) to offer options.

CURRENT THDA BORROWER

THDA's servicing department, VMLS, is here to help your borrower. If you have been contacted by a previous customer needing assistance, please provide the web address for specific COVID-19 information from VMLS: <https://vol servicing.com/>. THDA also has Housing Counselors available to answer Loss Mitigation questions or assist with filling out the Loss Mitigation Package. The email is: HUDcounseling@thda.org.

THDA LENDER TRAINING

At this time in-person trainings have been temporarily suspended; however our Customer Account Managers (CAMs) are available to host webinars via WebEx. Please reach out for training on our Great Choice Mortgage Loan MRB execution or if you would like to plan ahead for our GC-97 Freddie Mac release later this summer. The THDA CAM team will be able to assist you.

These are challenging and uncertain times. THDA is monitoring the situation closely and making adjustments as needed. THDA is committed to continuing our communication with our partners as adjustments are made. Staff encourages you to read the complete ML 2020-05 at: <https://www.hud.gov/sites/dfiles/OCHCO/documents/20-05hsgml.pdf> and take advantage of the COVID-19 Q&A HUD has put together at https://www.hud.gov/sites/dfiles/SFH/documents/SFH_COVID_19_QA_03_18_20.pdf.

Thank you for your continued support and participation in the THDA mortgage loan programs. If you have any questions, please call 615-815-2100, e-mail SFask@thda.org or contact your local THDA Customer Account Manager.

Ralph M. Perrey, Executive Director



MEMORANDUM

DATE: April 15, 2020

TO: THDA HBEI Providers and Originating Agents

FROM: Rhonda Ronnow, Director of Single Family Loan Operations

SUBJECT: **HBE Certificate of Completion During COVID-19**

In light of COVID-19, THDA is making an exception on the Homebuyer Education (HBE) Certificate of Completion. Program guidelines state that HBE Certificates are good for 12 months, expiring at the end of the 12 month period. To allow customers more time during this unprecedented time, THDA will accept any certificate with March or April 2020 expirations through June 2020. This will grant 60 additional days after the end of the State's Stay at Home Order. No additional actions are needed by the lender, borrower or Homebuyer Education provider in order to receive the extension. Lending partners will continue to submit the certificates with the underwriting submission file.

If you have questions, please email the Homebuyer Education Manager, Jayna Johnson, at jjohnson@thda.org. Thank you for your continued support of THDA's mortgage lending program. Please stay safe and well.

Ralph M. Perrey, Executive Director



MEMORANDUM

DATE: April 17, 2020

TO: THDA Originating Agents

FROM: Rhonda Ronnow, Director of Single Family Loan Operations

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

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

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

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

Interim Servicing (MRB)

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

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

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

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

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

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

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

Ralph M. Perrey, Executive Director



MEMORANDUM

DATE: June 4, 2020

TO: THDA Originating Agents

FROM: Rhonda Ronnow, Director of Single Family Loan Operations

SUBJECT: **Lender Compensation Change**

Effective for loans with an interest rate locked **on and after July 1, 2020**, THDA is changing the Originating Agent (OA) compensation for all THDA loan programs. THDA will not allow OAs to charge an origination fee effective for loans with interest rates locked on or after July 1, 2020. OAs will be compensated 1.75% at the time THDA purchases the loan. THDA will continue to provide a 1% service release premium as outlined in section 8.6 of THDA's Origination Agent Guide. Therefore, the total OA compensation from THDA on an eligible loan purchase is 2.75%.

THDA will also implement a maximum of \$1,400 for all origination charges that are listed in section A, page 2 of the loan estimate/closing disclosure. These fees include, but are not limited to, underwriting, processing, administration and program fees.

With the new compensation structure, THDA anticipates a rate change effective July 1, 2020, that will be announced no later than June 29, 2020.

Thank you for your continued participation in THDA's mortgage loan programs. If you have any questions, please contact sfASK@thda.org or call 615-815-2100

Ralph M. Perrey, Executive Director



MEMORANDUM

DATE: June 8, 2020

TO: THDA HBEI Providers and Originating Agents

FROM: Rhonda Ronnow, Director of Single Family Loan Operations

SUBJECT: **Extension of HBE Certificate During COVID-19**

THDA is adding an extension to the exemption that was made for Homebuyer Education (HBE) Certificate of Completions, due to the COVID-19 conditions. Program guidelines state that HBE Certificates are good for 12 months, expiring at the end of the 12 month period. To allow customers more time during this unprecedented time, THDA will accept any certificate with **March, April, May and June 2020 expirations through August 2020**. No additional actions are needed by the lender, borrower or Homebuyer Education provider in order to receive the extension. Lending partners will continue to submit the certificates with the underwriting submission file.

If you have questions, please email the Homebuyer Education Manager, Jayna Johnson, at jjohnson@thda.org. Thank you for your continued support of THDA's mortgage lending program. Please stay safe and well.

Ralph M. Perrey, Executive Director



MEMORANDUM

DATE: June 9, 2020

TO: THDA Originating Agents

FROM: Rhonda Ronnow, Director of Single Family Loan Operations

SUBJECT: **Update on GC97—Freddie Mac HFA Advantage Mortgage Loans**

As previously announced, THDA is preparing for the GC97/GC97 Plus loan program to launch on July 1st. The updated rollout schedule is attached.

As a reminder, similar to THDA's mortgage loan servicing initiative, THDA will roll out the GC97/GC97 Plus loan program to THDA Originating Agents ("OAs") in phases. THDA developed a Lender Profile which tracks the timeliness and quality of the submissions for the Great Choice Loan Program and used this Lender Profile to develop the attached rollout schedule. The GC97/GC97 Plus rollout schedule is based upon timeliness of meeting delivery deadlines and document submission quality for THDA Great Choice Loans.

OA Participation Requirements

What can OAs do to prepare for participation in the CG97/GC97 Plus loan program? Work with your information technology department and secondary lock desk to implement the appropriate procedures and processes. Review the GC97/ GC97 Plus Conventional Program guide as well as the comparison matrix at www.thda.org/lender.

Each OA must provide the following information or documentation to THDA at least 10 business days prior to the attached rollout scheduled date to begin offering CG97/GC97 Plus loans through THDA:

- Originating Agent Working Agreement for the MBS Loans (GC97/GC97 Plus);
- Quality Control Procedures/Plan;
- Most recent 90 days QC report with management responses;
- OA's hiring procedures for checking all employees, including management, in the origination of mortgage loans against GSA excluded parties list, HUD LDP List and FHFA SCP list;
- Copy of OA's Freddie Mac approval; providing S/SN or TPO number is sufficient; and
- Written certification that systems are in place to transfer LPA feedback results and assign the appraisal within UCDP to THDA at time of loan underwriting submission.

An OA may submit the required documentation and information earlier than the date on the attached schedule, but may not begin offering GC97/GC97Plus loans prior to the date shown on the attached schedule.

GC97 Loan Program Highlights

- Down Payment Assistance (“DPA”) is available as a second mortgage loan as follows:
 - Sales price <\$150,000, DPA of \$6,000
 - Sales price ≥ \$150,000, DPA of \$7,500
 - CLTV no greater than 105%
 - Interest rate equal to interest rate on CG97 first mortgage loan
 - Amortized over 15 years
 - Monthly payments required
- Lower private mortgage insurance coverage.
- No first time homebuyer requirement.
- Flexibility for loan qualification for borrowers with student loan debt.
- Income limits apply differently.
- Qualifying income of the borrower(s) on the loan is used instead of household income limits.
- Lender compensation up to 2.75%. 1.75% paid at time of loan purchase by THDA plus a 1% service release premium as outlined in section 8.6 of THDA’s Origination Agent Guide.
- Since this is not a loan purchased with THDA bond proceeds, pre-closing disclosures, such as affidavits, are not required.

Training:

THDA will be hosting monthly WebEx sessions for the rollout of the program. Link below:

<https://thda.webex.com/webappng/sites/thda/meeting/download/d7034ddab38f42118f88312a48107ada?siteurl=thda&MTID=m0c52b75dfcc740f89ab2e103c0ba38a8>

June 17th at 10 am CST

Meeting number (access code): 133 951 8288

Meeting password: tvPkMVBm826

July 9th at 9 am CST

Meeting number (access code): 133 112 6291

Meeting password: FxDEzpr3B27

August 10th at 10 am CST

Meeting number (access code): 133 716 9361

Meeting password: 6SEe3A3dDP5

September 10th at 10 am CST

Meeting number (access code): 133 394 1841

Meeting password: epH5k8w2Zf8

Thank you for your continued support and participation in the THDA mortgage loan programs. If you have any questions, please call 615-815-2100, send an e-mail to SFask@thda.org or contact your local THDA Customer Account Manager.

Ralph M. Perrey, Executive Director



MEMORANDUM

DATE: June 12, 2020

TO: THDA Originating Agents

FROM: Rhonda Ronnow, Director of Single Family Loan Operations

SUBJECT: **Change in Household Income Limits**

Effective Wednesday, **July 1, 2020**, the Household Income Limits will decrease for 4 Tennessee counties. The change in income limits will affect the following counties:

- Hamblen
- Humphreys
- Smith
- Weakley

These changes are reflected on the revised page 10 of the Originating Agents Guide.

All THDA loan applications received on and after July 1, 2020 will be considered in accordance with these new Household Income Limits.

All THDA loan applications received prior to this date must be committed by THDA prior to July 1, 2020 to utilize the old (higher) Household Income Limits.

Thank you again for your continued support and participation in the THDA mortgage program.

If you have any questions, please call 615-815-2100 or send an e-mail to SFask@thda.org.

Ralph M. Perrey, Executive Director



MEMORANDUM

DATE: June 15, 2020

TO: THDA Originating Agents

FROM: Rhonda Ronnow, Director of Single Family Loan Operations

SUBJECT: **Second Mortgage Program Changes**

THDA would like to announce upcoming program changes to the Great Choice Plus second mortgage loan program. Effective with loan applications requesting down payment assistance locked on **July 1, 2020**, the second mortgage loan will change to be an amortizing mortgage loan with the following terms.

- Second mortgage loan amortized over a 15 year term, and the interest rate will be equal to the first mortgage interest rate. Second mortgage will be locked automatically with the first mortgage lock.
- Sales price less than \$150,000; second mortgage loan amount is equal to \$6,000
- Sales price equal to or more than \$150,000; second mortgage loan amount is equal to \$7,500
- The second loan is subject to repayment in its entirety if the property is sold or refinanced.

This change will bring our Great Choice Plus mortgage loan program in line with the new GC-97 Plus Freddie Mac program that THDA is offering this summer.

Since the second mortgage is a standard amortizing second mortgage, the Fannie Mae/Freddie Mac mortgage note is acceptable. THDA's second mortgage no longer qualifies for the TRID partial exemption, therefore THDA is discontinuing the following forms from our website:

- Disclosure of Loan Terms for Great Choice Plus Second Mortgage Loan
- Good Faith Estimate
- Great Choice Settlement Statement

The Originating Agent will generate the loan estimate utilizing their loan originating system. Along with other loan documents, the Great Choice Plus Subordinate Deed of Trust can be accessed on the THDA website.

Thank you for your continued participation in THDA's mortgage loan programs. If you have any questions, please contact sfASK@thda.org or call 615-815-2100

Ralph M. Perrey, Executive Director



MEMORANDUM

DATE: June 26, 2020
TO: THDA Originating Agents
FROM: Rhonda Ronnow, Director of Single Family Loan Operations
SUBJECT: **Additional Second Mortgage Program Changes**

THDA would like to announce clarification and additional information for the Great Choice Plus second mortgage loan program changes announced earlier in the month. These changes are effective with loan applications requesting down payment assistance **locked on July 1, 2020 and afterwards.**

With the change to an amortizing second mortgage, Great Choice Plus Second Mortgage loans no longer qualify for the TILA-RESPA Integrated Disclosures (TRID) exception as outlined in 12 CFR §1026.3(h). Therefore, to assist our Originating Agents with limiting compliance risks, all second mortgage loans will close in the name of the Originating Agent (OA). The OA will be responsible for providing the borrower(s) the initial Loan Estimate (LE) disclosure at the time of application as well as having the borrower(s) execute the Closing Disclosure (CD), second mortgage note, and Deed of Trust at closing.

THDA will not have any second mortgage forms on our website for loans that meet the above rate lock structure. OAs must utilize the Fannie Mae/Freddie Mac standard mortgage note and deed of trust (DOT). The late fee for the second mortgage is 15 calendar days after the date the payment is due. The amount charged will be 5% of the overdue payment.

Immediately after closing, the OA will provide the following documentation in their closed loan package to THDA:

- Fully executed original note for the Great Choice Plus Mortgage Loan, endorsed to THDA
- A copy of the fully executed and notarized original DOT for the Great Choice Plus Loan with all applicable Riders (THDA rider is not needed). Assignments to THDA can be completed by utilizing the MERS system. All DOTs should reflect the Mortgage Identification Number (MIN) as required by MERS.
- For FHA loans executed Legal Obligation Letter, this is provided with the commitment issued by THDA.

THDA will continue to monitor prior rate locks under the 5% DPA second mortgage loan terms and will continue to have second mortgage documentation at thda.org to accommodate those closings.

Thank you again for your continued support and participation in the THDA mortgage program. If you have any questions, please call 615-815-2100 or send an e-mail to SFask@thda.org.

Ralph M. Perrey, Executive Director



MEMORANDUM

DATE: June 29, 2020

TO: All Originating Agents

FROM: Rhonda Ronnow, Director of Single Family Loan Operations

SUBJECT: Interest Rate Decrease for Mortgage Revenue Bond (MRB) Program

THDA would like to announce that **effective Wednesday, July 1, 2020**, the interest rate on the Great Choice Mortgage Loan Program will decrease to 3.50%. Based on this rate, the Homeownership for the Brave Mortgage Loan Program will decrease to 3.00%. All interest rate locks **received by THDA on or after Wednesday, July 1, 2020**, will be locked at the lower rate. All rate locks received by THDA **prior to July 1, 2020**, and outstanding commitments at the higher rates of 4.00% for Great Choice and 3.50% for the Homeownership for the Brave will close at those respective rates.

The Great Choice Plus second mortgage loan is changing to an amortizing second mortgage loan with locks on July 1, 2020 and after. All THDA second mortgage loans will have an interest rate equal to the rate of the first mortgage loan with a term of 15 years.

To alleviate any delays with the review of the loan application submission, as well as the receipt of timely commitments from THDA, please verify all submission documentation reflects the correct interest rate as indicated on the lock confirmation.

This is the third rate change since THDA implemented the rate lock system on November 12, 2019, therefore the process has some changes to align with industry standards. As a reminder, rate locks for existing construction are for 90 days and new/proposed construction are for 180 days. The THDA commitment will expire on the same date the interest rate expires. Property and/or borrower cannot change from loan lock to loan submission.

Thank you again for your continued support and participation in the THDA mortgage program.

If you have any questions, please call 615-815-2100 or send an e-mail to SFask@thda.org.

Ralph M. Perrey, Executive Director



MEMORANDUM

DATE: July 22, 2020

TO: All Originating Agents

FROM: Rhonda Ronnow, Director of Single Family Loan Operations

SUBJECT: Rate Lock and Qualifying Income Revision

THDA would like to provide information regarding Originating Agent Guide revisions as well as reminders regarding liabilities. These updates are effective for both Great Choice and GC97 mortgage loan programs.

Rate Locks:

Rate locks cannot be cancelled and relocked when interest rates decrease. If a loan is cancelled and the borrower changes properties, a new lock can be obtained. If Program changes, THDA will take original lock date and new lock request into consideration and provide lock confirmation reflecting worse day pricing. When Program changes, THDA reserves the right to request a Change of Circumstance from the Originating Agent.

Qualifying Income:

Qualifying income must be accurate and documented. If primary employment is salary or hourly, the base pay rate for qualification purposes cannot exceed the amount reflected on the most recent pay stub.

Liabilities:

Debt excluded from debt ratios must be documented according to the insurer's guidelines. This documentation must be submitted to THDA. Although most insurer underwriting guidelines allow a certain number of remaining scheduled debt payments to be disregarded for purposes of loan qualifying, the impact of the existing debt could affect an Applicant's budget for scheduled mortgage payments. Therefore, the impact of these payments will be evaluated in THDA's sole discretion.

Thank you again for your continued support and participation in the THDA mortgage program.

If you have any questions, please call 615-815-2100 or send an e-mail to SFask@thda.org.

Ralph M. Perrey, Executive Director



MEMORANDUM

DATE: July 23, 2020

TO: All Originating Agents

FROM: Rhonda Ronnow, Director of Single Family Loan Operations

SUBJECT: Original Mortgage Note Delivery Process Due to COVID-19

THDA is temporarily changing the delivery address for original mortgage notes due to COVID-19. Currently since THDA is located in a state building, there have been challenges in receiving overnight packages timely, which include original mortgage notes. This delay can effect purchases of mortgage loans. Therefore, effective immediately, please ship all original mortgage notes to our servicing department:

Volunteer Mortgage Loan Servicing
Attn: SFLO Closing Department
404 James Robertson Pkwy, Suite 1450
Nashville, TN 37219-1536

Thank you again for your continued support and participation in the THDA mortgage program.

If you have any questions, please call 615-815-2100 or send an e-mail to SFask@thda.org.

Ralph M. Perrey, Executive Director



MEMORANDUM

DATE: July 29, 2020

TO: GC97 Participating Originating Agents

FROM: Rhonda Ronnow, Director of Single Family Loan Operations

SUBJECT: Great Choice Change in Income Limits

THDA would like to announce that **effective Monday, August 3, 2020**, there will be an increase in income limits for 91 counties for the Great Choice Mortgage loan program. This includes all counties except Hamblen, Humphreys, Smith and Weakley.

These changes are reflected on the revised page 10 of the Originating Agents Guide.

All THDA Great Choice mortgage loan applications received on or after August 3, 2020 will be considered in accordance with these new Household Income Limits. All THDA Great Choice mortgage loan applications received prior to this date will utilize the old Household Income Limits.

Thank you for your continue participation in THDA's mortgage loan programs. If you have any questions, please contact SFAask@thda.org

Ralph M. Perrey, Executive Director



MEMORANDUM

DATE: August 19, 2020

TO: All Originating Agents

FROM: Rhonda Ronnow, Director of Single Family Loan Operations

SUBJECT: Allowable Second Mortgage Fees

With the recent change of THDA's second mortgages to an amortizing second mortgage which closes in the lender's name, additional clarification on allowable fees is being provided. In addition to the recording fees and odd days interest, **mortgage tax fee** may also be listed on the Loan Estimate (LE) and the Closing Disclosure (CD). This applies to both the Great Choice (MRB) and the GC97 (MBS) loan programs.

Thank you again for your continued support and participation in the THDA mortgage program.

If you have any questions, please call 615-815-2100 or send an e-mail to SFask@thda.org.

Ralph M. Perrey, Executive Director



MEMORANDUM

DATE: August 28, 2020

TO: All Originating Agents

FROM: Rhonda Ronnow, Director of Single Family Loan Operations

SUBJECT: Interest Rate Decrease--Mortgage Revenue Bond (MRB) Program

THDA would like to announce that **effective Tuesday, September 1, 2020**, the interest rate on the Great Choice Mortgage Loan Program will decrease to 3.00%. Based on this rate, the Homeownership for the Brave Mortgage Loan Program will decrease to 2.50%. All interest rate locks **received by THDA on and after Tuesday, September 1, 2020**, will be locked at the lower rate. All rate locks received by THDA **prior to September 1, 2020**, and outstanding commitments at the higher rates of 3.50% for Great Choice and 3.00% for the Homeownership for the Brave will close at those respective rates.

To alleviate any delays with the review of the loan application submission, as well as the receipt of timely commitments from THDA, please verify all submission documentation reflects the correct interest rate as indicated on the lock confirmation.

As a reminder, the rate lock process changed when THDA implemented the rate lock system last fall. THDA no longer requires a complete package to lock a rate. Rate locks for existing construction are for 90 days and new/proposed construction are for 180 days. The THDA commitment will expire on the same date the interest rate expires. Property and/or borrower cannot change from loan lock to loan submission.

Thank you again for your continued support and participation in the THDA mortgage program.

If you have any questions, please call 615-815-2100 or send an e-mail to SFask@thda.org.

Ralph M. Perrey, Executive Director



MEMORANDUM

DATE: September 24, 2020

TO: All Originating Agents

FROM: Rhonda Ronnow, Director of Single Family Loan Operations

SUBJECT: Acquisition Cost Limits

THDA would like to announce that **effective immediately** the acquisition cost limit will decrease in 14 counties. The reduction is due to an internal reconciliation of previous designated targeted areas. The following counties are affected:

Bledsoe
Chester
Clay
Giles
Hardin
Hickman
Loudon
Madison
Marion
McNairy
Obion
Sequatchie
Unicoi
Wayne

The acquisition limit for these 14 counties will be reduced to \$250,000.

Thank you again for your continued support and participation in the THDA mortgage program.

If you have any questions, please call 615-815-2100 or send an e-mail to SFask@thda.org.

Ralph M. Perrey, Executive Director



MEMORANDUM

DATE: October 5, 2020

TO: All Originating Agents

FROM: Rhonda Ronnow, Director of Single Family Loan Operations

SUBJECT: Interest Rate Decrease--Mortgage Revenue Bond (MRB) Program

THDA would like to announce that **effective Wednesday, October 7, 2020**, the interest rate on the Great Choice Mortgage Loan Program will decrease to 2.75%. Based on this rate, the Homeownership for the Brave Mortgage Loan Program will decrease to 2.25%. All interest rate locks **received by THDA on and after Wednesday, October 7, 2020**, will be locked at the lower rate. All rate locks received by THDA **prior to October 7, 2020**, and outstanding commitments at the higher rates of 3.00% for Great Choice and 2.50% for the Homeownership for the Brave will close at those respective rates.

To alleviate any delays with the review of the loan application submission, as well as the receipt of timely commitments from THDA, please verify all submission documentation reflects the correct interest rate as indicated on the lock confirmation.

As a reminder, the rate lock process changed when THDA implemented the rate lock system last fall. THDA no longer requires a complete package to lock a rate. Rate locks for existing construction are for 90 days and new/proposed construction are for 180 days. The THDA commitment will expire on the same date the interest rate expires. Property and/or borrower cannot change from loan lock to loan submission.

Thank you again for your continued support and participation in the THDA mortgage program.

If you have any questions, please call 615-815-2100 or send an e-mail to SFask@thda.org.

Ralph M. Perrey, Executive Director



MEMORANDUM

DATE: November 20, 2020

TO: All Originating Agents

FROM: Rhonda Ronnow, Director of Single Family Loan Operations

SUBJECT: Affidavit of Affixation for Manufactured Home

The State of Tennessee has recently updated the Affidavit of Affixation form. THDA will be utilizing the State of Tennessee's form moving forward; therefore, the THDA form HO-0453 has been eliminated.

The updated form is available on the website: <https://thda.org/homeownership-partners/lenders/loan-documents>.

Thank you again for your continued support and participation in the THDA mortgage program.

If you have any questions, please call 615-815-2100 or send an e-mail to SFask@thda.org.

Ralph M. Perrey, Executive Director



MEMORANDUM

DATE: December 1, 2020

TO: All Originating Agents

FROM: Rhonda Ronnow, Director of Single Family Loan Operations

SUBJECT: Information Regarding IRS Form 4506-C

In September 2020, the IRS released the new Form 4506-C IVES Request for Transcript of Tax Return. Beginning in March 2021, this form will be required for any third-party to order tax transcripts from the IRS.

According to the IRS, the Income Verification Express Service (IVES) is to be used by mortgage lenders and other entities when, as part of a mortgage loan transaction, tax transcripts are necessary to confirm the income of a borrower. The IRS stipulates that companies must use IVES whenever a borrower's tax transcript is requested for an audit.

The new Form 4506-C will replace both the September 2018 and the March 2019 versions of the IRS Form 4506-T that currently are accepted by IVES. Although the new Form 4506-C is substantially the same as the two versions of Form 4506-T, the IRS has specified that beginning on March 1, 2021 and thereafter, all tax transcript requests submitted through IVES must be made using only the new Form 4506-C. Failure to use that form will result in a denial of the tax transcript request.

Since the Form 4506-C is available and acceptable for use now, THDA strongly encourages all Originating Agents to begin using the new form immediately. The new Form 4506-C and instructions for use can be downloaded from the IRS website at: <https://www.irs.gov/pub/irs-pdf/f4506c.pdf>

Thank you again for your continued support and participation in the THDA mortgage program.

If you have any questions, please call 615-815-2100 or send an e-mail to SFask@thda.org.