

Ralph M. Perrey, Executive Director



MEMORANDUM

DATE: January 12, 2021

TO: All Originating Agents

FROM: Rhonda Ronnow, Director of Single Family Loan Operations

SUBJECT: Newly Formatted Guide and Forms

THDA is pleased to announced a new look for the **Originating Agents Guide** (The Guide). There are no actual changes within The Guide, with so many of us working remotely in 2020, it was determined an electronic version would be a great enhancement for the participating lenders.

The new enhancements allow lenders to search the guide easier and it contains links for quick and easy cross-referencing. An additional enhancement, lenders no longer need to look for a separate guide for the GC97 program, it is included as its own chapter in the newly enhanced electronic version. The guide is available at all times on the website ([click here](#)).

THDA loan documents and forms also received enhancements; most will now be fillable for your convenience. You may continue to use the old forms as long as the revision date at the bottom of the page is the same as the forms on our website. THDA is eliminating the **Buyer Profile** immediately since the information is collected in our online portal at loan submission.

The **Closed Loan Submission Checklist** for the Great Choice Mortgage Loan Program and the GC97 mortgage loan program **does contain an update**. The following documentation has been added to the checklist:

Great Choice

- 4506-T has been updated to 4506-C as stated in the December 1, 2020 memo
- Taxpayer First Act Disclosure

GC97

- 4506-T has been updated to 4506-C as stated in the December 1, 2020 memo
- Tax payer First Act Disclosure
- Private Mortgage Insurance Disclosure outlining cancellation and termination provisions

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



**ORIGINATING AGENTS GUIDE
REVISION 152**

March 24, 2020

Remove and discard:

Replace with enclosed:

Page 3 (Revised 12/20/19) Page 3 (Revised 03/26/20)

EFFECT OF CHANGE

Effective March 26, 2020, the interest rate on the Great Choice Loan Program applications will be increased to 4.00%. Based on this rate, the Homeownership for the Brave Loan Program will increase to 3.50%.

All interest rate locks received by THDA on or after Thursday, March 26, 2020, will be locked at the higher rate. All complete application submissions or 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.

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	4.00% 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 153

June 4, 2020

Remove and discard:

Page 3 (Revised 03/25/20)	Page 3 (Revised 07/01/20)
Page 6 (January 2014)	Page 6 (Revised 07/01/20)
Page 7 (Revised 04/04/17)	Page 7 (Revised 07/01/20)
Page 23 (Revised 07/15/19)	Page 23 (Revised 07/01/20)
Page 41 (Revised 08/07/19)	Page 41 (Revised 07/01/20)
Page 42 (Revised 11/01/17)	Page 42 (Revised 07/01/20)
Page 46 (Revised 06/11/16)	Page 46 (Revised 07/01/20)

Replace with enclosed:

EFFECT OF 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 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.

1.4. CURRENT THDA LOAN PROGRAMS

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Assumable	Subject to qualifying
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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	Cannot be charged
Lender Compensation	1.75% at time of loan purchase, 1% SRP

SECTION 2: ORIGINATING AGENTS

2.1 ORIGINATING AGENT WORKING AGREEMENT

The written agreement between an Originating Agent and THDA, which must be executed before any loan applications will be accepted by THDA for processing (the “Working Agreement”), contains the basic contractual agreements between the Originating Agent and THDA. The Working Agreement sets forth general terms under which the Originating Agent is authorized to act on behalf of THDA. The Working Agreement also incorporates the contents of this Guide, prior guides, and other written instructions that may be issued by THDA to provide instruction and direction in the daily operation of THDA’s programs.

2.2 CORRESPONDENT RELATIONSHIPS

Each Originating Agent is responsible for the documents submitted to THDA in loan application files, closed loan packages or otherwise. Applications that are originated by a third party and/or brokered applications, are eligible to be submitted to THDA upon written approval of THDA.

Applications originated by one Originating Agent that are transferred to another Originating Agent for submission to THDA must be re-verified in the receiving Originating Agent’s name prior to submission to THDA.

The Originating Agent who originated, processed, closed, insured and delivered a particular loan to THDA must directly assign the Deed of Trust securing the loan to THDA. Insurance or guaranty certificates may not contain the name of any entity other than the Originating Agent or THDA as the beneficiary of the insurance or guaranty.

In THDA’s sole discretion, THDA may permit a HUD-approved underwriting relationship between an Originating Agent and another lender solely for the purpose of FHA Direct Endorsement underwriting if an Originating Agent does not have an FHA Direct Endorsement Underwriter on staff. To request THDA’s approval prior to the submission of any loan application to THDA, submit a copy of the appropriate HUD approval of the underwriting relationship. The Originating Agent is responsible for originating, processing, closing, submitting for insurance or guaranty, delivering the loan to THDA and providing all necessary follow-up documentation.

Each of these policies may be waived or exceptions may be granted on a case-by-case basis, in THDA’s sole discretion. Requests for any waiver or exception under this Section 2.2 must be submitted in writing to THDA prior to submission of any loan application or applications to which the waiver or exception applies. In the event THDA denies a request for a waiver or an exception under this Section 2.2, THDA will not accept any loan application or applications for processing to which the waiver or exception applies.

2.3 FEES ORIGINATING AGENT MAY EARN

Originating Agents may earn the following fees in connection with THDA loans:

1. Origination Fee may not be charged by the lender. THDA will pay a lender compensation at the time of loan purchase by THDA in an amount equal to 1.75% of the loan amount.

2. Normal and Customary Fees – including, without limitations, appropriate application fee. Either Applicant or Seller may pay fees. Loan Estimate and Closing Disclosure should not list any fees payable to THDA. However, Section A, Page 2 of the Loan Estimate/Closing Disclosure cannot exceed \$1,400 for all Origination Charges.
3. Service Release Fee - The amount depends on the agreement between Originating Agent and an approved THDA Servicer in connection with the sale of servicing. This agreement must be in writing, fully executed, and approved by THDA before a Commitment can be issued by THDA. Servicing can only be sold directly to an approved THDA Servicer.
4. Interest - For loans closed by the Purchase Method, an Originating Agent may retain per diem interest at the note rate for the number of days Originating Agent holds the loan prior to purchase by THDA.

REMAINDER OF THIS PAGE LEFT BLANK INTENTIONALLY

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

May not be charged by the lender.

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.

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. However, Section A., Page 2 of the Loan Estimate/Closing Disclosure cannot exceed \$1,400 for all Origination Charges. 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.

2. Origination Fee

No origination fee may be charged to the borrower or seller by the lender.

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

7.7 USE OF MERS SYSTEM

Originating Agents who are MERS members, in good standing, may use loan documentation showing Mortgage Electronic Registration Systems, Inc., as the nominee for Originating Agent and Originating Agent's successors and assigns for THDA loans closed on or after July 1, 2006. The THDA loan number must be reflected on all THDA loan documentation in addition to the use of the Mortgage Identification Number (MIN) as may be assigned and required by MERS.

Originating Agents shall cause each deed of trust (with THDA Rider) securing a THDA loan to be properly recorded in the Register's Office of the county in which the property is located and to register such deeds of trust with MERS in accordance with applicable MERS requirements. Originating Agent may sell servicing rights to THDA loans registered with MERS only to THDA approved Servicers who are also MERS members in good standing.

Originating Agent shall, upon THDA's request, obtain and properly record an assignment of any MERS registered THDA loan from MERS to THDA or as THDA may direct. In the event of any dispute regarding a THDA loan registered with MERS, Originating Agent shall take all steps deemed necessary by THDA to protect THDA's interest. All other requirements of this Guide and of the Working Agreement between THDA and Originating Agent shall apply to each THDA loan regardless of registration with MERS.

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:

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. However, section A, page 2 of the loan estimate/closing disclosure cannot exceed \$1,400 for all Origination Charges. THDA does not allow origination points to be charged to the buyer or seller.

II. Great Choice Plus Loan:

THDA only allows customary recording fees and odd days interest. 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.

Ralph M. Perrey, Executive Director



**ORIGINATING AGENTS GUIDE
REVISION 154**

June 12, 2020

Remove and discard:

Replace with enclosed:

Page 10 (Revised 05/27/19) Page 10 (Revised 07/01/20)

EFFECT OF CHANGE

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

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.

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	\$67,440	\$78,680
Grundy	T	\$300,000	\$77,400	\$90,300	Stewart	T	\$300,000	\$77,400	\$90,300
Hamblen	*	\$250,000	\$66,800	\$77,560	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	\$66,800	\$76,820
Humphreys		\$250,000	\$66,800	\$76,820	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 155**

June 15, 2020

Remove and discard:

Replace with enclosed:

Page 3 (Revised 12/20/19)	Page 3 (Revised 07/01/20)
Page 4 (Revised 10/03/16)	Page 4 (Revised 07/01/20)
Page 23 (Revised 07/15/19) .	Page 23 (Revised 07/01/20)
Page 24 (Revised 11/12/19) .	Page 24 (Revised 07/01/20)
Page 30 (Revised 07/20/17) .	Page 30 (Revised 07/01/20)
Page 38 (Revised 05/23/16) .	Page 38 (Revised 07/01/20)
Page 50 (Revised 08/07/19) .	Page 50 (Revised 07/01/20)
Page 53 (Revised 08/07/19) .	Page 53 (Revised 07/01/20)

Disclosure of Loan Terms for Great Choice Plus

HO-0574 (04.18) Remove (Discontinued)

EFFECT OF CHANGE

Effective with loan applications locked on **July 1, 2020**, the Great Choice Plus 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.

The second mortgage no longer qualifies for the TRID partial exemption, therefore the following form is discontinued:

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

**ORIGINATING AGENTS GUIDE
REVISION 156**

June 26, 2020

Remove and discard:

Page 4 (Revised 07/01/20)
Page 23 (Revised 07/01/20)
Page 35 (Revised 11/12/19)
Page 36 (Revised 07/15/19)
Page 38 (Revised 07/01/20)
Page 40 (Revised 07/01/20)
Page 42 (Revised 07/01/20)
Page 43 (Revised 04/04/17)
Page 45 (Revised 06/11/16)
Page 52 (Revised 07/15/19)

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Page 38 (Revised 07/01/20)
Page 50 (Revised 07/01/20)
Page 53 (Revised 07/01/20)
Page 50 (Revised 07/01/20)
Page 53 (Revised 07/01/20)

EFFECT OF CHANGE

Effective with loan applications requesting down payment assistance locked on July 1, 2020 and later:

- 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.
- No second mortgage forms will be available of the THDA website.
- OAs must utilize the Fannie Mae/Freddie Mac standard mortgage note and deed of trust.
- 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.

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

This loan offers down payment and closing cost assistance to first-time homebuyers at a low interest rate but secured by a second deed of trust. This loan is available only with the THDA Great Choice first mortgage loan. The Great Choice Plus loan is at an interest rate the same as the first mortgage, monthly payments amortized over a 15 year term, and a second lien.

Eligible Borrower	Homebuyer obtaining THDA Great Choice Loan
Maximum Household Income	THDA Great Choice Program Limits apply
Maximum Loan Amount	Sales price less than \$150,000, second mortgage loan amount equals \$6,000 Sales price equal to or more than \$150,000, second mortgage loan amount equals \$7,500
Interest Rate	Same as first mortgage
Loan Term	15 years
Underwriting Criteria	Borrowers must have 640 minimum credit score. Must meet all other THDA Underwriting Guidelines. Manual underwriting allowed per THDA guide.
Pre-Payment	The Great Choice Plus loan is due in full upon 1 st mortgage payoff, assumption, or refinance. No assumption of Great Choice Plus allowed, with the exception of a VA assumption.
Allowable Fees	Recording fee and odd days interest
Closing Documents	FNMA/FHLMC Multi-state Note and Deed of Trust in the name of the Originating Agent
Homebuyer Education	Required prior to closing on THDA Great Choice Plus
Servicing	Volunteer Mortgage Loan Servicing

2. Great Choice Plus

The Great Choice Plus loan has an interest rate the same as the first mortgage interest rate, monthly payments amortized over 15 years, second lien. Great Choice Plus second mortgage loans can only be used for closing costs, prepaids and down payment assistance. Amount of assistance is \$6,000 for sales price less than \$150,000, and \$7,500 for sales price equal to or more than \$150,000.

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.

Great Choice Plus secondary mortgage loan must reflect in the Deed of Trust and Note a late charge of 5% of the overdue payment of principal and interest if the monthly payment is not made by the end of 15 calendar days after the date it is due.

H. Origination Fee

May not be charged by the lender.

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.

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 of the first or second mortgage loan is less than the principal and interest payment indicated on the Commitment;
9. The monthly principal and interest payment in the promissory note of the first or second mortgage loan 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.

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 and original mortgage notes are received, 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.

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

B. Due Dates

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

C. Late Charges

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

Great Choice Plus secondary mortgage loan must reflect in the Deed of Trust and Note a late charge of 5% of the overdue payment of principal and interest if the monthly payment is not made by the end of 15 calendar days after the date it is due.

7.4 OTHER REQUIRED DOCUMENTATION

A. Title Insurance Policy

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

1. The insured amount must be equivalent to the amount of the first mortgage. THDA will not require a Lender's Title Policy on the Great Choice Plus second mortgage.
2. THDA must be a "named insured". Use the following language:
(Name of Originating Agent), and/or Tennessee Housing Development Agency, and/or (Name of insuring or guaranteeing entity), as their interests may appear.
OR
(Name of Originating Agent), its successors and assigns and/or (Name of insuring or guaranteeing entity), as their interests may appear.
3. Taxes/assessments that are due and payable cannot be indicated as unpaid.

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

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 net amount (amount after allowable closing costs) 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 also close in the name of the Originating Agent noted on the Commitment and are assigned to THDA.

2. Origination Fee

No origination fee may be charged to the borrower or seller by the lender.

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

7.7 USE OF MERS SYSTEM

Originating Agents who are MERS members, in good standing, may use loan documentation showing Mortgage Electronic Registration Systems, Inc., as the nominee for Originating Agent and Originating Agent's successors and assigns for THDA loans closed on or after July 1, 2006. The THDA loan number must be reflected on all THDA loan documentation in addition to the use of the Mortgage Identification Number (MIN) as may be assigned and required by MERS.

Originating Agents shall cause each deed of trust (with THDA Rider) securing a THDA loan to be properly recorded in the Register's Office of the county in which the property is located and to register such deeds of trust with MERS in accordance with applicable MERS requirements. Originating Agent may sell servicing rights to THDA loans registered with MERS only to THDA approved Servicers who are also MERS members in good standing.

Originating Agent shall, upon THDA's request, obtain and properly record an assignment of any MERS registered THDA loan from MERS to THDA or as THDA may direct. In the event of any dispute regarding a THDA loan registered with MERS, Originating Agent shall take all steps deemed necessary by THDA to protect THDA's interest. All other requirements of this Guide and of the Working Agreement between THDA and Originating Agent shall apply to each THDA loan regardless of registration with MERS.

Great Choice Plus second mortgage loans should also utilize the MERS system to assign loans to THDA. THDA Second Mortgage loans and GC 97 loan do not need to have the THDA Rider recorded.

SECTION 8: SHIPPING A CLOSED THDA LOAN

8.1 OVERVIEW

A. Originating Agent Obligations

Originating Agents must conform to strict time tables when shipping a closed loan file to THDA and to the THDA Servicer. The THDA Closed Loan Transmittal lists the documents that must be provided to THDA with each closed loan file.

In order to avoid potential problems in complying with THDA timeliness guidelines and the resulting fees for such, upon receipt of the closed loan file from the Settlement Agent, Originating Agents are strongly encouraged to:

1. Audit all documents for accuracy,
2. Immediately secure any necessary corrections,
3. Promptly submit required documents to the THDA Servicer indicated on the Commitment to facilitate timely notification to the Borrower in preparation for the first scheduled loan payment,
4. Submit all information and materials required to obtain insurance or guarantee, and
5. Comply with THDA delivery deadlines.

B. Document Caption

Documents or files delivered to THDA must be clearly identified with the Originating Agent's name, the primary Borrower's name, the THDA loan number, and the name and telephone number of the Originating Agent's contact person. When shipping follow-up documents after the initial closed loan file has been delivered, Originating Agents must properly identify all documents being delivered. More than one loan file may be delivered in each envelope; however, documents for each loan file must be clearly identified.

C. Shipping Address

When delivering closed loan files and follow-up documents, specify "Single Family Programs Division, Closing Department". Documents delivered without "Single Family Programs Division" included in the address may be misdirected or lost.

8.2 DELIVERY DEADLINES

Delivery of all THDA closed loan files must conform to the following deadlines:

1. 10 Day Deadline

For all THDA loans, THDA must receive the THDA Closed Loan Transmittal, the original Notes, per diem interest (if applicable), and all other required initial submission documentation regardless of type or source of funding, within ten (10) calendar days following closing.

2. 120 Day Deadline

THDA must be in receipt of all necessary documentation, including the recorded Deed of Trust, Assignment for the first and second mortgage loans (n/a if MERS documents submitted), Title Insurance Policy, final

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

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

C. Commitment

Enclose a copy of the Commitment.

D. Original Note

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

E. Deed of Trust

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

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

F. Affidavit of Affixation (Manufactured Home)

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

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

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

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

This includes Great Choice and Great Choice Plus Mortgage Loans.

H. Title Insurance Policy/Endorsements

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

provided if the residence is a 2, 3 or 4 family home, or is a PUD, townhouse, zero lot line, modular or manufactured home.

THDA Program Eligibility/Credit Package

A check mark, an “X” or “N/A” must be indicated for each document listed on the form. Refer to Section 6.2 for additional information.

An Originating Agent staff member’s signature, printed or typed name and telephone number must appear at the bottom of the checklist. Without this information, the file is considered incomplete. In addition, if this information is omitted, THDA does not know who to call if questions arise.

AFFIDAVIT OF AFFIXATION HO-0453 (12/06)

An original 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 for recordation.

LEGALLY ENFORCEABLE OBLIGATION LETTER HO-0476

For any Great Choice loans insured by FHA/HUD the Originating Agent will receive a Legally Enforceable Obligation Letter (LEOL) attached to the THDA Loan Commitment. HUD/FHA requires that THDA provide a Legally Enforceable Obligation Letter when THDA has agreed to provide DPA funds in the form of the Great Choice Plus loan. The Borrower(s) is to sign the LEOL at closing and a copy of the executed LEOL must be sent back to THDA with the initial closing submission package in order for THDA to purchase the Great choice Plus loan.

The Originating Agent is to retain the original LEOL in their loan file to accompany the FHA insurance application associated with the first mortgage.

CLOSED LOAN SUBMISSION CHECKLIST HO-0541 (07.19)

Use this form when submitting all closed loan files to THDA, regardless of the source of funding. This form can also be used as a checklist for submission of follow-up documentation. Complete all items on this form. Do not change the size of this form.

THDA RIDER HO-0440 (08/03)

The THDA Rider must be completed, executed, attached to and recorded with the deed of trust for all THDA first mortgage loans, regardless of loan type. The THDA Rider must be signed by all Borrowers who are required to sign the first deed of trust and recorded with the deed of trust. THDA Rider is not applicable for any THDA second mortgage loans or GC97 mortgage loans.

REQUEST FOR LOAN PURCHASE WITH ACKNOWLEDGEMENT AND CERTIFICATION HO-0444 (02/18)

All loans closed by the Purchase Method must be accompanied by an executed Request For Loan Purchase with Acknowledgement and Certification when delivered to THDA. The most recent version of the HO-0444 form must be utilized. By submitting a loan file for purchase by THDA, each Originating Agent is deemed to affirm the Acknowledgement and Certification appearing on the master form of the Request For Loan Purchase with Acknowledgement and Certification with respect to each loan file submitted regardless of whether the Acknowledgement and Certification is included with the form submitted with a particular loan file.

Ralph M. Perrey, Executive Director



**ORIGINATING AGENTS GUIDE
REVISION 157**

June 29, 2020

Remove and discard:

Replace with enclosed:

Page 3 (Revised 07/01/20) Page 3 (Revised 07/01/20)

EFFECT OF CHANGE

Effective 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.

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 \$7,500 at an interest rate that is the same as the first mortgage rate, monthly payments amortized over 15 years, 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	Cannot be charged
Lender Compensation	1.75% at time of loan purchase, 1% SRP

Ralph M. Perrey, Executive Director



**ORIGINATING AGENTS GUIDE
REVISION 158**

July 22, 2020

Remove and discard:

Page 24 (Revised 07/01/20)	Page 24 (Revised 07/22/20)
Page 25 (Revised 11/12/19)	Page 25 (Revised 07/22/20)
Page 26 (Revised 08/07/19)	Page 26 (Revised 07/22/20)
Page 31 (Revised 07/20/17)	Page 31 (Revised 07/22/20)

Replace with enclosed:

EFFECT OF CHANGE

Effective immediately the THDA Program Guide contains updated language to provide clarification regarding the following information.

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.

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 5:30 pm CST during THDA's business days. 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 highest day pricing. THDA reserves the right to request a Change of Circumstance from the Originating Agent.

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 Loan Estimate and Closing Disclosure.

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.

5.2 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.

For additional information see Section 6.2, O.

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.

K. Loan Application (1003)

Include the initial 1003, signed and dated by the Applicant(s) and the loan officer and final 1003. Three years of residency must be stated on the 1003.

L. Positive Identification

For all loan types, positive identification of each Applicant must be obtained in accordance with insurer or guarantor guidelines. It is the Originating Agents responsibility to insure that those guidelines are met.

M. Credit Report

The original credit report must be included in the application file unless it is required to be submitted to the insurer or guarantor. The Applicant's credit report must comply with the program insurer's minimum acceptable credit verification guidelines. Merged credit reports that comply with program guidelines are acceptable.

N. Final Divorce Decree/Marital Dissolution; Court Ordered Child

Support; SSI or Other Assistance

Include copies of any or all of these documents, as applicable. Parenting plan may be used to determine the accuracy of household composition.

O. Verification of Employment; Most Recent Pay Stub; Form Evidencing Telephone Verification of Prior Employment; Self-Employment

OA must document the Borrower's income and employment history for the most recent 2 years. Verification of the accuracy of the income used for qualification purposes must be represented in the submission. 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.

For additional information see Sections 5.3 and 5.4.

P. Documentation for Veteran Exemption

VA Form DD-214 if applicant is a discharged or released veteran. VA Form DD-4 if applicant has re-enlisted, but was eligible for a discharge or release at the time of re-enlistment.

Q. Original Certificate of Title or Original Manufactured Certificate of Origin (Manufactured Home)

The **original** Certificate of Title with any lien noted thereon having been marked released, or **original** Manufactured Certificate of Origin ("MCO") in the name of the seller of the subject property or having been endorsed to the seller **MUST** be included in the Underwriting Submission package. The file may be submitted electronically, however, a commitment will not be issued until THDA receives the **original** Certificate of Title or **original** "MCO".

The only exception to this requirement is, if the seller of the subject property has a mortgage on the property and the lien holder is in possession of the title or MCO and will not release it until their loan is paid off. Under this scenario, a copy of the Certificate of Title or MCO must be included in the Underwriting Submission package and the commitment will be conditioned to receive the **original** Certificate of Title or MCO with the Closed Loan package. However, THDA will not purchase the loan until we receive the **original** Certificate of Title or **original** MCO.

R. Verification of Deposit or Bank Statements for Previous Two Months

See Section 5.3.

Ralph M. Perrey, Executive Director



**ORIGINATING AGENTS GUIDE
REVISION 159**

July 29, 2020

Remove and discard:

Page 10 (Revised 07/01/20)

Replace with enclosed:

Page 10 (Revised 08/03/20)

EFFECT OF CHANGE

Effective 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.

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.

D. Current Acquisition Cost and Income Limits County

Counties		Acquisition Cost Limits	Household Income Limits 1-2 Persons 3 + Persons		Counties		Acquisition Cost Limits	Household Income Limits 1-2 Persons 3 + Persons	
Anderson		\$250,000	\$73,900	\$76,820	Lewis		\$250,000	\$66,800	\$76,820
Bedford		\$250,000	\$66,800	\$77,280	Lincoln	T	\$300,000	\$80,160	\$93,520
Benton		\$250,000	\$66,800	\$76,820	Loudon		\$300,000	\$73,900	\$84,985
Bledsoe		\$300,000	\$66,800	\$76,820	Macon	T	\$375,000	\$80,160	\$93,520
Blount		\$250,000	\$73,900	\$84,985	Madison	*	\$300,000	\$71,399	\$82,109
Bradley	*	\$250,000	\$71,039	\$81,695	Marion		\$300,000	\$72,600	\$83,490
Campbell	T	\$300,000	\$80,160	\$93,520	Marshall		\$250,000	\$70,320	\$82,040
Cannon	T	\$375,000	\$98,760	\$115,220	Mauzy		\$375,000	\$83,760	\$97,720
Carroll	T	\$300,000	\$80,160	\$93,520	McMinn		\$250,000	\$66,800	\$76,820
Carter		\$250,000	\$69,000	\$80,500	McNairy		\$300,000	\$66,800	\$76,820
Cheatham		\$375,000	\$98,760	\$115,220	Meigs	T	\$300,000	\$80,160	\$93,520
Chester		\$300,000	\$71,399	\$82,109	Monroe	T	\$300,000	\$80,160	\$93,520
Claiborne	T	\$300,000	\$80,160	\$93,520	Montgomery	*	\$250,000	\$70,179	\$80,706
Clay		\$300,000	\$66,800	\$76,820	Moore		\$250,000	\$70,179	\$80,706
Cocke	T	\$300,000	\$80,160	\$93,520	Morgan	T	\$300,000	\$80,160	\$93,520
Coffee	*	\$250,000	\$71,159	\$81,833	Obion		\$300,000	\$66,800	\$76,820
Crockett	T	\$300,000	\$80,160	\$93,520	Overton	T	\$300,000	\$80,160	\$93,520
Cumberland		\$250,000	\$66,800	\$76,820	Perry		\$250,000	\$66,800	\$76,820
Davidson	*	\$375,000	\$98,760	\$115,220	Pickett	T	\$300,000	\$80,160	\$93,520
Decatur		\$250,000	\$66,800	\$76,820	Polk	T	\$300,000	\$80,160	\$93,520
DeKalb	T	\$300,000	\$80,160	\$93,520	Putnam		\$250,000	\$67,800	\$79,100
Dickson		\$375,000	\$98,760	\$115,220	Rhea	T	\$300,000	\$80,160	\$93,520
Dyer	T	\$300,000	\$80,160	\$93,520	Roane		\$250,000	\$70,659	\$81,258
Fayette	T	\$300,000	\$81,480	\$95,060	Robertson	*	\$375,000	\$98,760	\$115,220
Fentress	T	\$300,000	\$80,160	\$93,520	Rutherford	*	\$375,000	\$98,760	\$115,220
Franklin	T	\$300,000	\$80,160	\$93,520	Scott	T	\$300,000	\$80,160	\$93,520
Gibson	T	\$300,000	\$80,160	\$93,520	Sequatchie		\$300,000	\$72,600	\$83,490
Giles		\$300,000	\$68,760	\$80,220	Sevier		\$250,000	\$69,840	\$81,480
Grainger	T	\$300,000	\$80,160	\$93,520	Shelby	*	\$250,000	\$69,739	\$80,200
Greene	T	\$300,000	\$80,160	\$93,520	Smith		\$375,000	\$67,440	\$78,680
Grundy	T	\$300,000	\$80,160	\$93,520	Stewart	T	\$300,000	\$80,160	\$93,520
Hamblen	*	\$250,000	\$66,800	\$77,560	Sullivan	*	\$250,000	\$70,920	\$82,224
Hamilton	*	\$250,000	\$72,600	\$83,490	Sumner		\$375,000	\$98,760	\$115,220
Hancock	T	\$300,000	\$80,160	\$93,520	Tipton	T	\$300,000	\$81,480	\$95,060
Hardeman	T	\$300,000	\$80,160	\$93,520	Trousdale	T	\$375,000	\$98,760	\$115,220
Hardin		\$300,000	\$66,800	\$76,820	Unicoi		\$300,000	\$69,000	\$80,500
Hawkins	T	\$300,000	\$80,160	\$93,520	Union	T	\$300,000	\$88,680	\$103,460
Haywood	T	\$300,000	\$80,160	\$93,520	Van Buren	T	\$300,000	\$80,160	\$93,520
Henderson	T	\$300,000	\$80,160	\$93,520	Warren		\$250,000	\$66,800	\$76,820
Henry	*	\$250,000	\$66,800	\$76,820	Washington	*	\$250,000	\$69,000	\$80,500
Hickman		\$375,000	\$66,800	\$76,820	Wayne		\$300,000	\$66,800	\$76,820
Houston	T	\$300,000	\$80,160	\$93,520	Weakley	*	\$250,000	\$66,800	\$76,820
Humphreys		\$250,000	\$66,800	\$76,820	White	T	\$300,000	\$80,160	\$93,520
Jackson	T	\$300,000	\$80,160	\$93,520	Williamson		\$375,000	\$98,760	\$115,220
Jefferson	T	\$300,000	\$80,160	\$93,520	Wilson		\$375,000	\$98,760	\$115,220
Johnson	T	\$300,000	\$80,160	\$93,520	T Denotes a targeted county. The first-time homebuyer requirement is waived. * Denotes that some census tracts in the county are targeted, and in these census tracts, the first-time homebuyer requirement is waived.				
Knox	*	\$250,000	\$73,900	\$84,985					
Lake	T	\$300,000	\$80,160	\$93,520					
Lauderdale	T	\$250,000	\$80,160	\$93,520					
Lawrence	T	\$250,000	\$80,160	\$93,520					

Ralph M. Perrey, Executive Director



**ORIGINATING AGENTS GUIDE
REVISION 160**

August 19, 2020

Remove and discard:

Replace with enclosed:

Page 4 (Revised 07/01/20)	Page 4 (Revised 08/19/20)
Page 32 (Revised 08/28/19)	Page 32 (Revised 08/19/20)
Page 46 (Revised 07/01/20)	Page 46 (Revised 08/19/20)
Request for Loan Purchase	
HO-0444 (12.19)	HO-0444 (08.20)
GC97 Underwriting Submission Checklist	
GC97-0550 (07.20)	GC97-0550 (08.20)
GC97 Closed Loan Submission Checklist	
GC97-0542 (07.20)	GC97-0542 (08.20)

EFFECT OF CHANGE

Effective immediately, 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).

Included with this Revision are the above listed forms, containing updated language for clarity only.

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

This loan offers down payment and closing cost assistance to first-time homebuyers at a low interest rate but secured by a second deed of trust. This loan is available only with the THDA Great Choice first mortgage loan. The Great Choice Plus loan is at an interest rate the same as the first mortgage, monthly payments amortized over a 15 year term, and a second lien.

Eligible Borrower	Homebuyer obtaining THDA Great Choice Loan
Maximum Household Income	THDA Great Choice Program Limits apply
Maximum Loan Amount	Sales price less than \$150,000, second mortgage loan amount equals \$6,000 Sales price equal to or more than \$150,000, second mortgage loan amount equals \$7,500
Interest Rate	Same as first mortgage
Loan Term	15 years
Underwriting Criteria	Borrowers must have 640 minimum credit score. Must meet all other THDA Underwriting Guidelines. Manual underwriting allowed per THDA guide.
Pre-Payment	The Great Choice Plus loan is due in full upon 1 st mortgage payoff, assumption, or refinance. No assumption of Great Choice Plus allowed, with the exception of a VA assumption.
Allowable Fees	Recording fee, odd days interest, and mortgage tax fee
Closing Documents	FNMA/FHLMC Multi-state Note and Deed of Trust in the name of the Originating Agent
Homebuyer Education	Required prior to closing on THDA Great Choice Plus
Servicing	Volunteer Mortgage Loan Servicing

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 and mortgage tax fee 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.

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:

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. However, section A, page 2 of the loan estimate/closing disclosure cannot exceed \$1,400 for all Origination Charges. THDA does not allow origination points to be charged to the buyer or seller.

II. Great Choice Plus Loan:

THDA only allows customary recording fees, odd days interest, and mortgage tax fee. 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.

Tennessee Housing Development Agency (THDA)
Request for Loan Purchase with Acknowledgement and Certification

Originating Agent Name: _____
 Contact Person: _____
 Phone Number: _____ Email: _____

Must be completed in full. Do not attach wiring information on a separate page.

Wire To:

Receiving Bank Routing # _____ O.A. Account # _____
 Receiving Bank Name: _____ Special Instructions: _____
 Receiving Bank Address: _____

☐ Great Choice (MRB Loan)

☐ GC97 (MBS-Freddie Mac Loan)

THDA Loan Number: _____ Loan Amount: \$ _____
 THDA 2nd Mortgage Loan Number: _____ Interest Rate: _____ %
 Primary Borrower: _____ 2nd Mortgage Loan Amount: \$ _____
 Property Address: _____ 2nd Mortgage Interest Rate: _____ %
 _____ Closing Date: _____
 Initial Escrow: \$ _____ 1st Payment Due: _____

We hereby request THDA to purchase the attached loan, which is:

Complete except for items indicated by “✱” on the enclosed Closed Loan Submission Checklist, which items shall be delivered to THDA by the 120th day after the closing date for the referenced loan. If such items are not delivered, we agree to immediately repurchase this loan at the option of and upon notice from THDA, or, if loan has not been purchased by THDA, we acknowledge that the loan will not be eligible for purchase by THDA. These conditions also apply to a THDA second mortgage, if included with this transaction.

Originating Agent acknowledges receipt of the master form from THDA which is titled “Tennessee Housing Development Agency Request for Loan Purchase with Acknowledgement and Certification” on one side and titled “Acknowledgement and Certification” on the other side. By signing below, Originating Agent affirms all matters stated under the title “Acknowledgement and Certification” with respect to the mortgage loans for which this purchase request is being made, regardless of whether the items appearing under the title “Acknowledgement and Certification” on the master form appear on the reverse side of this request for loan purchase.

Originating Agent Authorized Signature _____ Date _____

Print Name _____ Title _____ Phone Number _____

FOR THDA USE ONLY

\$ _____ Principal Loan Amount Settlement Date: _____
 \$ _____ (+) or (-) Interest from _____ to _____ Issue: _____
 \$ _____ Principal Loan Amount 2nd Mortgage Loan Type: _____
 \$ _____ (+) or (-) Interest from _____ to _____
 \$ _____ (-) Initial Escrow
 \$ _____ Lender Compensation
 \$ _____ Other: _____ = \$ _____ Net Wire

Authorized By _____ Date _____

Tennessee Housing Development Agency (THDA)

Request for Loan Purchase with Acknowledgement and Certification

A. THDA Acknowledgement

In connection with the mortgage loan identified by the THDA Loan Number on the Request for Loan Purchase (the "Mortgage Loan"), THDA acknowledges the following:

- (1) The Originating Agent identified on the reverse side of this form (the "O.A.") is to deliver an original promissory note and related documents evidencing the Mortgage Loan to THDA for THDA's consideration in purchasing the Mortgage Loan;
- (2) The promissory note and related documents evidencing the Mortgage Loan may be subject to a security interest pursuant to arrangements the O.A. may have made with other financial institutions;
- (3) If actually received, THDA will hold the promissory note and related documents evidencing the Mortgage Loan for the benefit of the O.A. until such time as THDA decides whether or not to purchase the Mortgage Loan. If THDA decides to purchase the Mortgage Loan, THDA will promptly wire funds to the O.A. or on behalf of the O.A. in accordance with information supplied by O.A. with each individual Request for Loan Purchase submitted to THDA. Thereafter, the Mortgage Loan will be the sole property of THDA not subject to claims of any other parties whatsoever. If THDA decides not to purchase the Mortgage Loan, THDA will promptly return the original promissory note and related documents evidencing the Mortgage Loan to the O.A. in accordance with the information supplied by O.A. with each individual Request for Loan Purchase submitted to THDA. Thereafter, THDA will have no further obligation with respect to the Mortgage Loan; and
- (4) THDA does not agree to and will not be bound by the terms and conditions contained in any other correspondence or documents from the O.A. or from any other entity on behalf of the O.A. with respect to the Mortgage Loan.

B. Originating Agent Mortgage Purchase Certification

Pursuant to T.C.A. Section 13-23-118 and the Originating Agents' Guide and with respect to each Mortgage Loan, O.A., by and through its duly authorized representative whose signature appears on each Request for Loan Purchase, hereby certifies as follows:

- (1) The unpaid principal balance of the promissory note evidencing the Mortgage Loan and the interest rate thereon have been accurately stated to THDA;
- (2) The amount of the unpaid principal balance of the Mortgage Loan is justly due and owing;
- (3) O.A. has no notice of the existence of any counterclaim, offset or defense asserted by the person to whom the Mortgage Loan was made or their respective successor in interest;
- (4) The Mortgage Loan is evidenced by a promissory note and a deed of trust which has been properly recorded with the appropriate public official;
- (5) The deed of trust given to secure the Mortgage Loan constitutes a valid first lien on the real property described in the deed of trust subject only to real property taxes not yet due, installments of assessments not yet due, and easements and restrictions of record which do not adversely affect, to a material degree, the use or value of the real property or improvements thereon;
- (6) The Mortgage Loan, when made, was lawful under state law and/or federal law, whichever governs the affairs of O.A. and would be lawful on the date of purchase by THDA if made by O.A. on that date in the amount of the then unpaid principal balance;
- (7) None of the persons to whom the Mortgage Loan was made are in default in the payment of any installment of principal or interest, escrow funds, real property taxes or otherwise in the performance of their obligations under the promissory note or deed of trust given to evidence and secure the Mortgage Loan and have not, to the knowledge of O.A., been in default in the performance of any such obligation for a period of longer than sixty (60) days during the life of the Mortgage Loan; and
- (8) Improvements to the real property described in the deed of trust securing the Mortgage Loan are covered by valid and subsisting policy of insurance issued by a company authorized to issue such policies in the state of Tennessee and providing fire and extended coverage to an amount not less than ninety percent (90%) of the insurable value of the improvements to the real property. *Follow GSE guidelines for GC97.
- (9) Once THDA wires funds in accordance with the instructions supplied by O.A. with each Request for Loan Purchase, the promissory note, deed of trust and related documents evidencing the Mortgage Loan will not be subject to any security interest granted to any other party whatsoever.

O.A. acknowledges that it shall be liable to THDA for any damages suffered by THDA by reason of the untruth of any representation or the breach of any warranty set forth above and, in the event that any representation shall prove to be untrue when made or in the event of any breach of warranty, O.A. shall, at the option of THDA, repurchase the Mortgage Loan for the original purchase price adjusted for amounts subsequently paid thereon, as THDA may determine.

Tennessee Housing Development Agency (THDA)
GC 97 Closed Loan Submission Checklist
Freddie Mac HFA Advantage Mortgage

OA Name: _____ THDA Loan #: _____

Contact Person: _____ Primary Borrower: _____

Phone: _____ Date Loan Closed: _____

Lock expiration date = mandatory delivery date: _____

Please upload package to: **THELMA.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 calendar 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.

- _____ **Final ULDD** (uniform loan delivery dataset, XML file) exported from lender’s LOS and uploaded to THELMA
- _____ Request for Loan Purchase with Acknowledgement and Certification
- _____ Power of Attorney, if applicable
- _____ Initial Escrow Account Disclosure
- _____ **Freddie Mac UCD Findings Report** reflecting “successful result”
- _____ **Executed Form SSA-89 with wet signature**
- _____ Original Note, endorsed to THDA (copy uploaded)-original received within 10 calendar days of closing
- _____ Original Second Mortgage Note, endorsed to THDA (copy uploaded) original received within 10 calendar days of closing
- _____ *Recorded Deed of Trust; copy of unrecorded with closing package
- _____ Recorded second mortgage deed of trust, if applicable; copy of unrecorded with closing package
- _____ *Recorded Assignment from OA to THDA (n/a if MERS documents submitted)
- _____ *Title Insurance Policy with THDA, ISAOA ATIMA named as insured
- _____ Executed Warranty Deed
- _____ Signed Closing Disclosure for first mortgage, evidence borrower received 3 business days prior to consummation
- _____ Signed Closing Disclosure for second mortgage
- _____ Final executed 1003 URLA
- _____ Private Mortgage Insurance certificate reflecting loan amount equal to amount on mortgage note
- _____ Hazard Insurance policy declarations page or Certificate of Insurance with THDA, ISAOA ATIMA as named insured
- _____ 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
- _____ Copy of clear Termite Letter or soil treatment certificate (if applicable)
- _____ THDA Commitment conditions satisfied
- _____ IRS Form 4506-T
- _____ Final inspection, if applicable
- _____ Verbal Verification of Employment within 10 days of note date
- _____ Hello/Goodbye letter – Notice of Transfer of Servicing for both mortgages

***FINAL TRAILING DOCUMENTATION MANDATORY DELIVERY DATE:**

Closing date + 120 days = _____, ____.

Tennessee Housing Development Agency (THDA)
GC97 Underwriting Submission Checklist
Freddie Mac HFA Advantage

Lock Expiration Date: _____

OA Name: _____

OA Underwriter: _____

Listing Agent: _____

Selling Agent: _____

Appraiser: _____

Closing Date: _____

Primary Applicant: _____

Applicant Email: _____

Loan Originator Name: _____

Loan Originator Email: _____

Builder: _____

Program Type: LPA Recommendation

☐ GC97

☐ GC97 Plus

☒ Accept Required

Property Type

☐ Single Family

☐ Condo

☐ Other _____

PLEASE ASSEMBLE PACKAGE IN ORDER LISTED BELOW

- ☐ 1. Transmittal Summary (1008) signed by underwriter to include payment of subordinate lien (if applicable)
- ☐ 2. Evidence borrower's identity was verified, DL or Passport
- ☐ 3. LPA Findings reflecting "Accept" and program type "HFA Advantage"; Final LPA transferred to **THDA S/SN 210980**
- ☐ 4. Initial Loan Estimate for GC97 Loan ,first mortgage, If electronic signature, evidence of the borrower's consent
- ☐ 5. Initial Loan Estimate for GC97 Plus subordinate loan (if applicable),
- ☐ 6. Initial Interviewer's Signed Loan Application (URLA) 1003,, If electronic signature, evidence of the borrower's consent
- ☐ 7. Final Loan Application (Typed URLA) 1003
- ☐ 8. Private Mortgage Insurance Certificate of Commitment reflecting correct coverage and loan amount
- ☐ 9. Evidence the OFAC SND list (Office of Foreign Assets Control & Specially Designated Nationals and Blocked Persons) was searched for all Borrowers
- ☐ 10. Borrower signature authorization
- ☐ 11. Credit Report, explanation for recent credit inquiries and credit explanation letters (if applicable)
- ☐ 12. UCDP Submission Summary Report (SSR) Appraisal shared with **THDA ID# GVT276**

QUALIFYING INCOME ONLY

- ☐ 13. Signed and Dated Tax Returns with all schedules; 2 years if self employed
- ☐ 14. W-2s for the most recent tax year to match wages filed
- ☐ 15. Verifications of Employment (verbal is unacceptable)
- ☐ 16. Most Recent Pay Stub (within past 30 days)
- ☐ 17. Verifications of Prior Employment (telephone verification is acceptable)
- ☐ 18. Verification of SSI or Other Assistance (if applicable)
- ☐ 19. Final Divorce Decree/Marital Dissolution (if applicable)
- ☐ 20. Verification of Court Ordered Child Support/Parenting Plan (if applicable)
- ☐ 21. Deposit Verification, Source Funds to Close, Additional Assets, Verify assets to support LPA Feedback Certificate
- ☐ 22. Homebuyer Education Certification completed prior to closing
- ☐ 23. Sales Contract and Addendum (signed by all parties)
- ☐ 24. Title Commitment including legal description
- ☐ 25. Hazard Insurance Declarations Page
- ☐ 26. Flood Notification (if applicable, signed by Applicant or certified date mailed to Applicant)
- ☐ 27. Appraisal Report (URAR) LPA feedback certificate should contain Home Value Explore (HVE) results.
- ☐ 28. Final Inspection and Legible Photos of Subject Property (front, rear, street
- ☐ 29. Additional documentation as required per LPA findings

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", the Dodd-Frank Act, RESPA, TILA, TRID and GLBA; (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 required to be originals or with original signature were obtained.

Originating Agent Authorized Signature

Print Name and Title

Phone No. (____) _____ Email address _____ Date _____

Ralph M. Perrey, Executive Director



**ORIGINATING AGENTS GUIDE
REVISION 161**

August 28, 2020

Remove and discard:

Replace with enclosed:

Page 3 (Revised 07/01/20) Page 3 (Revised 09/01/20)

EFFECT OF CHANGE

Effective 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 or 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.

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 \$7,500 at an interest rate that is the same as the first mortgage rate, monthly payments amortized over 15 years, 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	3.00% 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	Cannot be charged
Lender Compensation	1.75% at time of loan purchase, 1% SRP

Ralph M. Perrey, Executive Director



**ORIGINATING AGENTS GUIDE
REVISION 162**

September 24, 2020

Remove and discard:

Replace with enclosed:

Page 10 (Revised 08/18/20) Page 10 (Revised 09/24/20)

EFFECT OF CHANGE

Effective immediately the acquisition cost limit will decrease in the following counties. The acquisition limit for these 14 counties will be reduced to \$250,000.

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

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	\$73,900	\$84,985	Lewis		\$250,000	\$66,800	\$76,820
Bedford		\$250,000	\$66,800	\$77,280	Lincoln	T	\$300,000	\$80,160	\$93,520
Benton		\$250,000	\$66,800	\$76,820	Loudon		\$250,000	\$73,900	\$84,985
Bledsoe		\$250,000	\$66,800	\$76,820	Macon	T	\$375,000	\$80,160	\$93,520
Blount		\$250,000	\$73,900	\$84,985	Madison	*	\$250,000	\$71,399	\$82,109
Bradley	*	\$250,000	\$71,039	\$81,695	Marion		\$250,000	\$72,600	\$83,490
Campbell	T	\$300,000	\$80,160	\$93,520	Marshall		\$250,000	\$70,320	\$82,040
Cannon	T	\$375,000	\$98,760	\$115,220	Mauzy		\$375,000	\$83,760	\$97,720
Carroll	T	\$300,000	\$80,160	\$93,520	McMinn		\$250,000	\$66,800	\$76,820
Carter		\$250,000	\$69,000	\$80,500	McNairy		\$250,000	\$66,800	\$76,820
Cheatham		\$375,000	\$98,760	\$115,220	Meigs	T	\$300,000	\$80,160	\$93,520
Chester		\$250,000	\$71,399	\$82,109	Monroe	T	\$300,000	\$80,160	\$93,520
Claiborne	T	\$300,000	\$80,160	\$93,520	Montgomery	*	\$250,000	\$70,179	\$80,706
Clay		\$250,000	\$66,800	\$76,820	Moore		\$250,000	\$70,179	\$80,706
Cocke	T	\$300,000	\$80,160	\$93,520	Morgan	T	\$300,000	\$80,160	\$93,520
Coffee	*	\$250,000	\$71,159	\$81,833	Obion		\$250,000	\$66,800	\$76,820
Crockett	T	\$300,000	\$80,160	\$93,520	Overton	T	\$300,000	\$80,160	\$93,520
Cumberland		\$250,000	\$66,800	\$76,820	Perry		\$250,000	\$66,800	\$76,820
Davidson	*	\$375,000	\$98,760	\$115,220	Pickett	T	\$300,000	\$80,160	\$93,520
Decatur		\$250,000	\$66,800	\$76,820	Polk	T	\$300,000	\$80,160	\$93,520
DeKalb	T	\$300,000	\$80,160	\$93,520	Putnam		\$250,000	\$67,800	\$79,100
Dickson		\$375,000	\$98,760	\$115,220	Rhea	T	\$300,000	\$80,160	\$93,520
Dyer	T	\$300,000	\$80,160	\$93,520	Roane		\$250,000	\$70,659	\$81,258
Fayette	T	\$300,000	\$81,480	\$95,060	Robertson	*	\$375,000	\$98,760	\$115,220
Fentress	T	\$300,000	\$80,160	\$93,520	Rutherford	*	\$375,000	\$98,760	\$115,220
Franklin	T	\$300,000	\$80,160	\$93,520	Scott	T	\$300,000	\$80,160	\$93,520
Gibson	T	\$300,000	\$80,160	\$93,520	Sequatchie		\$250,000	\$72,600	\$83,490
Giles		\$250,000	\$68,760	\$80,220	Sevier		\$250,000	\$69,840	\$81,480
Grainger	T	\$300,000	\$80,160	\$93,520	Shelby	*	\$250,000	\$69,739	\$80,200
Greene	T	\$300,000	\$80,160	\$93,520	Smith		\$375,000	\$67,440	\$78,680
Grundy	T	\$300,000	\$80,160	\$93,520	Stewart	T	\$300,000	\$80,160	\$93,520
Hamblen	*	\$250,000	\$66,800	\$77,560	Sullivan	*	\$250,000	\$70,920	\$82,224
Hamilton	*	\$250,000	\$72,600	\$83,490	Sumner		\$375,000	\$98,760	\$115,220
Hancock	T	\$300,000	\$80,160	\$93,520	Tipton	T	\$300,000	\$81,480	\$95,060
Hardeman	T	\$300,000	\$80,160	\$93,520	Trousdale	T	\$375,000	\$98,760	\$115,220
Hardin		\$250,000	\$66,800	\$76,820	Unicoi		\$250,000	\$69,000	\$80,500
Hawkins	T	\$300,000	\$80,160	\$93,520	Union	T	\$300,000	\$88,680	\$103,460
Haywood	T	\$300,000	\$80,160	\$93,520	Van Buren	T	\$300,000	\$80,160	\$93,520
Henderson	T	\$300,000	\$80,160	\$93,520	Warren		\$250,000	\$66,800	\$76,820
Henry	*	\$250,000	\$66,800	\$76,820	Washington	*	\$250,000	\$69,000	\$80,500
Hickman		\$250,000	\$66,800	\$76,820	Wayne		\$250,000	\$66,800	\$76,820
Houston	T	\$300,000	\$80,160	\$93,520	Weakley	*	\$250,000	\$66,800	\$76,820
Humphreys		\$250,000	\$66,800	\$76,820	White	T	\$300,000	\$80,160	\$93,520
Jackson	T	\$300,000	\$80,160	\$93,520	Williamson		\$375,000	\$98,760	\$115,220
Jefferson	T	\$300,000	\$80,160	\$93,520	Wilson		\$375,000	\$98,760	\$115,220
Johnson	T	\$300,000	\$80,160	\$93,520	<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	\$73,900	\$84,985					
Lake	T	\$300,000	\$80,160	\$93,520					
Lauderdale	T	\$250,000	\$80,160	\$93,520					
Lawrence	T	\$250,000	\$80,160	\$93,520					

Ralph M. Perrey, Executive Director



**ORIGINATING AGENTS GUIDE
REVISION 163**

October 5, 2020

Remove and discard:

Replace with enclosed:

Page 3 (Revised 09/01/20) Page 3 (Revised 10/07/20)

EFFECT OF CHANGE

Effective 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 or 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.

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 \$7,500 at an interest rate that is the same as the first mortgage rate, monthly payments amortized over 15 years, 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	2.75% 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	Cannot be charged
Lender Compensation	1.75% at time of loan purchase, 1% SRP

Ralph M. Perrey, Executive Director



**ORIGINATING AGENTS GUIDE
REVISION 164**

November 20, 2020

Remove and discard:

Replace with enclosed:

Page 41 (Revised 07/01/20)	Page 41 (Revised 11/20/20)
Page 50 (Revised 07/01/20)	Page 50 (Revised 11/20/20)
Page 52 (Revised 07/01/20)	Page 23 (Revised 11/20/20)
Affidavit of Affixation for Manufactured Home	
HO-0453 (12.06)	RV-F1322101 (Rev. 9-20)

EFFECT OF CHANGE

Effective immediately the Affidavit of Affixation HO-0453 is replaced with the State of Tennessee form RV-F1322101. THDA will utilize the State of Tennessee form moving forward.

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. It is sent to the State of Tennessee and utilized when de-titling manufactured homes, therefore, the owner of record must sign the Affidavit. If de-titling is taking place prior to closing, the seller would execute the document. If de-titling is taking place after closing, being handled on behalf of the new borrower, it must be executed by the buyer and must be recorded as a separate document. It cannot be recorded with or attached to the Deed of Trust. State of Tennessee's Affidavit of Affixation (RV-F1322101) 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. However, Section A., Page 2 of the Loan Estimate/Closing Disclosure cannot exceed \$1,400 for all Origination Charges. 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.

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 RV-F1322101
- 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)

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.

provided if the residence is a 2, 3 or 4 family home, or is a PUD, townhouse, zero lot line, modular or manufactured home.

THDA Program Eligibility/Credit Package

A check mark, an “X” or “N/A” must be indicated for each document listed on the form. Refer to Section 6.2 for additional information.

An Originating Agent staff member’s signature, printed or typed name and telephone number must appear at the bottom of the checklist. Without this information, the file is considered incomplete. In addition, if this information is omitted, THDA does not know who to call if questions arise.

AFFIDAVIT OF AFFIXATION RV-F1322101

An original 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 for recordation.

LEGALLY ENFORCEABLE OBLIGATION LETTER HO-0476

For any Great Choice loans insured by FHA/HUD the Originating Agent will receive a Legally Enforceable Obligation Letter (LEOL) attached to the THDA Loan Commitment. HUD/FHA requires that THDA provide a Legally Enforceable Obligation Letter when THDA has agreed to provide DPA funds in the form of the Great Choice Plus loan. The Borrower(s) is to sign the LEOL at closing and a copy of the executed LEOL must be sent back to THDA with the initial closing submission package in order for THDA to purchase the Great choice Plus loan.

The Originating Agent is to retain the original LEOL in their loan file to accompany the FHA insurance application associated with the first mortgage.

CLOSED LOAN SUBMISSION CHECKLIST HO-0541 (07.19)

Use this form when submitting all closed loan files to THDA, regardless of the source of funding. This form can also be used as a checklist for submission of follow-up documentation. Complete all items on this form. Do not change the size of this form.

THDA RIDER HO-0440 (08/03)

The THDA Rider must be completed, executed, attached to and recorded with the deed of trust for all THDA first mortgage loans, regardless of loan type. The THDA Rider must be signed by all Borrowers who are required to sign the first deed of trust and recorded with the deed of trust. THDA Rider is not applicable for any THDA second mortgage loans or GC97 mortgage loans.

REQUEST FOR LOAN PURCHASE WITH ACKNOWLEDGEMENT AND CERTIFICATION HO-0444 (02/18)

All loans closed by the Purchase Method must be accompanied by an executed Request For Loan Purchase with Acknowledgement and Certification when delivered to THDA. The most recent version of the HO-0444 form must be utilized. By submitting a loan file for purchase by THDA, each Originating Agent is deemed to affirm the Acknowledgement and Certification appearing on the master form of the Request For Loan Purchase with Acknowledgement and Certification with respect to each loan file submitted regardless of whether the Acknowledgement and Certification is included with the form submitted with a particular loan file.

THDA LENDER NOTICE: #2021-05

March 30, 2021

SUBJECT: Second Mortgage Compliance Reminder and VVOE Overlay Rescinded

Clarification regarding Second Mortgages and CFPB Compliance

As stated in the Second Mortgage Program Change memos, provided in June 2020, THDA's second mortgages no longer qualifies for the TILA-RESPA Integrated Disclosures (TRID) exception as outlined in 12 CFR §1026.3(h). All Originating Agents are expected to adhere to all timing guidelines as outline in 12 CFR § 1026.19(e)(1)(iii)(A) for the Loan Estimate as well as all timing guidelines as outlined in 12 CFR § 1026.19(f)(1)(ii) for Closing Disclosures.

- OA Guide pages affected:
24, 33,43, 49,61

COVID VVOE Overlay Rescinded

Effective immediately, THDA is rescinding the VVOE overlay requiring the VVOE to be dated within 3 days of closing. We will now require the agency or loan product guidelines for VVOEs moving forward.

Questions may be directed to sfask@thda.org or 615-815-2100. Thank you for your continued support and participation in the THDA mortgage loan programs.

THDA LENDER NOTICE: #2021-06

April 16, 2021

SUBJECT: THDA Recapture Tax Reimbursement Program

Effective for all mortgage loans closing on and after May 1, 2021, THDA is implementing the Recapture Tax Reimbursement Program. If a borrower is required to pay recapture tax to the IRS, THDA will reimburse the borrower for the amount as paid and reported to the IRS on Form 8828.

Federal law provides for a possible Recapture Tax when homeowners sell their home within the first nine years after receiving a mortgage through THDA's mortgage revenue bond program. In order for recapture to apply, in addition to selling the home in the first nine years, the borrower must make a "net" profit and have an income that exceeds the IRS established limit in the year the home is sold.

In the event the borrower is subject to recapture tax, once the tax has been paid to the IRS, the borrower will complete the Request for Recapture Tax Reimbursement Form to start the process of THDA reimbursement. Additional information regarding the documentation required from the borrower is outlined in the Notice to Applicants – Federal Recapture Tax Requirements (HO-0448) and in the THDA Welcome Letter provided to the borrower.

Recapture tax happens so infrequently due to the fact that all three requirements must be met. THDA is excited to eliminate the recapture tax risk to our borrowers by offering the Recapture Tax Reimbursement Program.

- OA Guide pages affected:
Pages 3, 5, 23-B
- Forms affected:
Notice to Applicants – Federal Recapture Tax Requirements (HO-0448)

THDA LENDER NOTICE: #2021-07

April 27, 2021

SUBJECT: Decrease in Great Choice Income Limits

Effective Monday, May 3, 2021, there will be a decrease in income limits for 8 counties. The change in income limits will affect the following counties:

Bradley (1-2 person household only)*
Chester
Coffee
Madison
Moore
Roane
Sevier (3+ person household only)*
Shelby

These changes are reflected on our website at <https://thda.org/pdf/Acquisition-Income-Limits-Web.pdf>.

All THDA loan applications received on and after May 3, 2021 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 May 3, 2021 to utilize the old (higher) Household Income Limits.

THDA LENDER NOTICE: #2021-08

April 30, 2021

SUBJECT: Revisions to Underwriting and Closing Checklists

Effective immediately, THDA is amending all Underwriting and Closing Submission checklists to include additional documentation that THDA's audit team has requested in the files. These items are standard mortgage loan disclosures and/or documentation that are already provided and/or signed by the borrower, however, not previously requested by THDA.

Additions to the Underwriting Submission checklist include:

- Evidence of Borrower's Identity
- Borrower Signature Authorization
- Borrower Consent to Use Tax Returns (Taxpayer First Act Disclosure)
- E-Sign Act Consent
- Intent to Proceed
- ECOA
- For FHA Loans
 - Identity of Interest Certification
 - 92564-CN Home Inspection
 - 92900-B Important Notice
- For Freddie Mac Loans
 - Documentation Checklist

Additions to the Closing Submission checklist include:

- A separate line item for the Notice of Transfer of Servicing for the Second Mortgage
- Evidence borrower received CD 3 business days prior to consummation for both mortgages
- For FHA Loans, Upfront Premium Payment History Details from FHA Connection

Any additional documentation used for the approving underwriter to make a final approval on the mortgage loan should also be included in the submission to THDA, regardless if listed on the Submission Checklist.

Forms affected:

- **Underwriting Submission Checklist-Great Choice (HO-0549)**
- **Closed Loan Submission Checklist-Great Choice (HO-0541)**
- **Underwriting Submission Checklist-GC97 (HO-0550)**
- **Closed Loan Submission Checklist-GC97 (HO-0542)**

Questions may be directed to sfask@thda.org or 615-815-2100.

THDA LENDER NOTICE: #2021-09

May 7, 2021

SUBJECT: Quality Control Plan and Early Payment Default

Effective June 1st, THDA will be requiring Early Payment Default (EPD) reviews to be provided according to the Quality Control Plan on record for each Originating Agent (OA). EPD are all mortgages that become 60 Days delinquent within the first six payments. This will apply to all THDA mortgage loan products. EPD reviews will be handled in-house for THDA's New Start Program.

On the first day of each month, THDA is automatically notified of the loan files selected by THDA's Servicing Department that are considered EPD. The monthly report will be provided to the OA no later than the 5th of the month. The EPD must be reviewed within 60 days from the date notified by THDA. THDA will require a copy of the EPD review and any corrective actions taken as a result of review findings.

To prepare for the new requirement, THDA will need you to identify a representative from your organization that will be responsible for EPD. If THDA does not receive this information, the main contact person on file will be considered responsible for EPD. Please provide the point of contact information to Tikisha Wilson, at twilson@thda.org.

- OA Guide Pages Affected:
Page 9

THDA LENDER NOTICE: #2021-10

June 1, 2021

SUBJECT: Increase in Great Choice Income Limits

Effective Tuesday, June 1, 2021, there will be an increase in income limits for 78 counties. The change in income limits **will not** affect the following counties:

- Anderson
- Blount
- Bradley (*1-2 person household only*)
- Chester
- Coffee
- Hamilton
- Knox
- Loudon
- Madison
- Marion
- Maury
- Moore
- Roane
- Sequatchie
- Sevier (*3+ person household only*)
- Shelby
- Union

These changes are reflected on our website at <https://thda.org/pdf/Acquisition-Income-Limits-Web.pdf>.

All THDA loan applications received on and after June 1, 2021 will be considered in accordance with these new Household Income Limits.

THDA LENDER NOTICE: #2021-11

June 4, 2021

SUBJECT: GC97 HFA ADVANTAGE & FM BULLETIN 2021-20

On June 2, 2021, Freddie Mac released Bulletin 2021-20, which can be read in its entirety [here](#). Below are a few highlights that THDA would like to bring to your attention.

AREA MEDIAN INCOME LIMITS

On June 16, 2021 [Home Possible Income & Property Eligibility tool](#) will be updated to reflect the 2021 FHFA Area Median Income (AMI) limits. Please refer to Freddie Mac's Bulletin in regards to how the determination will be made in Loan Product Advisor (LPA).

ASSET AND INCOME MODELER (AIM) - SELF-EMPLOYED BORROWERS

On August 1, 2021, Freddie Mac is revising the requirements for the asset and income modeler (AIM) for self-employed borrowers with respect to age of tax return requirements. Please refer to Freddie Mac's Bulletin in regards to date and documentation requirements for 2019 and 2020 federal income tax return(s).

EXCLUSIONARY LIST

In addition to the Office of Foreign Assets Control (OFAC) search, Freddie Mac also requires a search against Freddie Mac's Exclusionary List (FMEL). Freddie Mac has streamlined the FMEL and requires screening the following specific party roles against the FMEL:

- Borrower(s)
- Property Seller(s)
- Mortgage Loan Originator and Loan Origination Company, including but not limited to Loan Officers, Third Party Originators, Retail Lenders, Mortgage Brokers and Correspondents
- Real Estate Agent(s) and Real Estate Company(ies)
- Settlement Agent and Settlement Company
- Appraiser and Appraisal Company

Originating Agent must continue to ensure that its own employees engaged in the sale or quality control (QC) of GC97 HFA Advantage Mortgage Loans, and third parties to whom these functions are outsourced or assigned are not on the Exclusionary List.

- OA Guide page affected:
Page 9

Questions may be directed to sfask@thda.org or 615-815-2100.

THDA LENDER NOTICE: #2021-12

June 16, 2021

SUBJECT: Clarification on Exclusionary List, Checklists, Liabilities, and Principal Reduction

Exclusionary List

As stated in THDA Lender Notice #2021-11, the lender is responsible for providing evidence to THDA that loans meet the Exclusion List guidelines as set by Insurer, Guarantor or Government-Sponsored Enterprise (GSE) of the mortgage loan. We have recently been informed that some lenders that are not directly approved by Freddie Mac as a Seller/Servicer may not have access to the FMEL. Therefore, THDA has created a THDA Exclusionary List that can be searched if FMEL is not available. The Exclusionary List consists of two tabs, individuals and companies, both will need to be searched. THDA will accept a certification in the GC97 files acknowledging the search has been completed for the appropriate parties

The link and the certification document can be located [here](#).

New Underwriting & Closing Checklists

As many of you are aware, THDA is in the process of applying directly with Ginnie Mae to become an Issuer. As we prepare for this endeavor, THDA will need to start requiring more documentation in the file around compliance. Therefore, we are providing new checklists that have these disclosures listed. These disclosures should already be in your origination file, THDA has not required the disclosures to be provided up until this point.

Becoming a Ginnie Mae Issuer is expected to bring great opportunities to THDA and the Great Choice Mortgage Program. THDA Originating Agents (OA) are not expected to see a great impact on the daily execution. This is more of a back office decision within THDA. More information will be provided to our OAs once it is available.

Liabilities and Bank Statements

When a debt or obligation is not listed on the mortgage application and/or credit report and is listed on a bank statement such as debt to a pay day loan company, the OA is responsible for verifying the debt. This includes providing information in the submission package for the total amount owed and the actual monthly payment. Debt ratio should reflect this debt if it is amortizing. (Pg. 27)

Principal Reduction

THDA discourages principal reductions (PR). However, we understand there are times they cannot be avoided. PR is limited to 1% of the loan amount not to exceed \$2500. (Pg. 41)

OA Guide Pages Affected:

- Pages 27,28,41

THDA LENDER NOTICE: #2021-13

July 16, 2021

SUBJECT: Request for Loan Purchase (Purchase Sheet)

Effective immediately, THDA will be issuing the Request for Loan Purchase with the THDA Loan Commitment. THDA asks the processor/underwriter receiving the THDA Loan Commitment to forward the Commitment along with the Request for Loan Purchase to your Closing Department.

The importance of the Commitment being sent to the Closing Department is to ensure any “at closing” conditions are met promptly and provided to THDA with the Closing Package. The Request for Loan Purchase that is sent by THDA with the Commitment will be completed with loan details that are already in THDA’s system. This should reduce the number of fields and errors completed on this form.

The Request for Loan Purchase should be complete and submitted to THDA with the Closing Package. THDA encourages all Lenders to utilize the new form, however, at this time THDA will continue to accept the older version provided on our website for loans committed before July 15, 2021.

THDA LENDER NOTICE: #2021-14

July 28, 2021

SUBJECT: Acquisition Cost Limits (Sales Price)

Effective Monday August 2, 2021 THDA will be increasing the Acquisition Cost Limits by \$50,000 in 82 of the 95 counties in Tennessee.

- The 44 counties that are currently at \$250,000 will increase to \$300,000.
- The 38 counties currently at \$300,000 will increase to \$350,000.
- The remaining 13 counties in the middle Tennessee area will remain at \$375,000.

THDA LENDER NOTICE: #2021-15

August 13, 2021

SUBJECT: Down Payment & Closing Cost Assistance Update

Effective Monday, September 13, 2021, THDA will be implementing program changes to the Great Choice Plus and GC97 Plus mortgage loan programs. This will affect all rate locks beginning on September 13, 2021.

THDA will be offering two second mortgage loan program options available across the entire state, regardless of the sales price, as long as it meets THDA's acquisition limits.

Great Choice Plus-Deferred/GC97 Plus -Deferred (no payment) terms:

- Loan Amount is equal to \$6,000
- 0% interest rate
- 30 year term, due on sale or refinance
- Deferred payments, therefore no payment for qualifying purposes
- Second mortgage loan will be locked simultaneously with the first mortgage, key words in program description for a successful lock "No Payment".

Great Choice Plus-Payment and GC97 Plus-Payment terms:

- Loan Amount is 6% of the sales price
- 15 year amortizing
- Interest rate is the same as the first mortgage
- Monthly payment must be considered in the debt ratio
- Second mortgage loan will be locked simultaneously with the first mortgage, key word in program description for a successful lock "Payment".

The current DPA options of \$6,000 and \$7,500 will be suspended from rate lock capability as of the close of business on Friday, September 10th. All loans that are currently locked in THDA's loan portal must close with the existing terms as outlined in the rate lock confirmation. Please provide a copy of this notice to your Information Technology department to prepare for any required system changes to your loan origination system.

THDA along with other Housing Finance Agencies have been working with Freddie Mac on a standardized project for legal closing documentation for subordinate liens. The intent is to standardize documents for our lending partners that work with multiple Housing Finance Agencies. We should have those documents by the end of the month, and we will implement the standardized legal subordinate documents with the program changes.

THDA LENDER NOTICE: #2021-16

September 7, 2021

SUBJECT: Implementation of IRS Rev. Ruling 86-124

Effective with loan submissions as of Monday September 13, 2021, THDA is implementing IRS Rev. Ruling 86-124 for income calculation for all Mortgage Revenue Bond (MRB) programs. This will affect all Great Choice Mortgage Loans.

This ruling states the income to be taken into account in determining the gross monthly income is the income of the mortgagor (or mortgagors) and any other person who is expected both to live in the residence being financed and to be secondarily liable on the mortgage.

This change, along with other enhancements to the program listed below, is the result of continued work toward standardization among multiple Housing Finance Agencies and the MBA.

Additional changes that will go into effect with loan submissions as of Monday, September 13, 2021 are:

- Income limits will be referred to as MRB Income Limits instead of Household Income Limits.
- Overtime/bonus will be determined based upon history of receiving and reasonable expectation for the income to continue
- Application and Seller Affidavits are changing to Application and Seller Declarations. These new forms no longer require a notary signature.
- Child Support will be considered in the MRB income limit if it is anticipated income for the next 12 months based upon recent history of receipt.
- Fiancé(e) income will be considered only if they are on the mortgage note.
- Tax liens must be paid in full, however, Federal tax debt with established payment plans that meets insurer guidelines are acceptable.
- Only recurring deposits or large deposits as outlined by the insurer or AUS must be documented.
- As previously mentioned, THDA will also be changing DPA structure as of rate locks submitted on September 13, 2021; additional information regarding this change can be located in lender notice #2021-15.
- THDA will no longer require a non-purchasing spouse to sign the Deed of Trust.

THDA will be conducting several trainings over the next few weeks to review the above changes. Please reach out to your Customer Account Manager or email SFAsk@thda.org if you are interested in training.

Questions may be directed to sfask@thda.org or 615-815-2100.

THDA LENDER NOTICE: #2021-17

November 2, 2021

SUBJECT: New Subordinated Lien Document Completion Instructions

Housing Finance Agency (HFA) Down Payment Assistance (DPA) Programs can be powerful tools for lenders serving low to moderate-income aspiring homebuyers, including first-time homebuyers. However as many lenders know all too well, DPA program repayment provisions vary. Each HFA typically creates its own legal documents, and inconsistencies can cause confusion for originating lenders and borrowers alike. Until now.

As originally announced in Lender Notice 2021-15, THDA is proud to participate in the Standardized Subordinate Lien Document Project. Just as originators and investors of non-conforming mortgages use uniform Freddie Mac/Fannie Mae instruments, this initiative will bring a similar level of clarity, efficiency, and confidence to the legal documents securing DPA providers' interests. THDA implemented these Freddie Mac and Fannie Mae approved standardized subordinate lien documents effective with rate locks on 9/13/21 because they offer many benefits:

- Enhanced Clarity for Borrowers
- Increased Speed to Market for Lenders
- Greater Automation Potential
- Reduced Loan Manufacturing Costs and Loan File Deficiencies
- Potential Liquidity Opportunities

Due to several questions regarding the new subordinate lien documents, THDA is providing document completion instructions for the Great Choice Plus and GC97 Plus Deed of Trust (DOT) and notes. We trust you will find these documents easier to use, better aligned with Freddie Mac/Fannie Mae first lien uniform instruments, and easier to explain to your borrower clients.

Documentation instructions and the subordinated Lien Documents are found [here](#). As a Reminder, regardless of the THDA DPA program, you will always use the same DOT.

[Form 3295](#) is utilized for the Plus-Payment option, which is 6% of sales price, 15 yr. term, and can be used for any outstanding loans at the previous amortizing payment structure of \$6,000/\$7,500.

[Form 3296](#) is utilized for the Plus-No Payment option, which is \$6,000, 30 yr. term, deferred payment and forgiven at the end of the term.

- Additional information regarding DPA can be found [here](#).
- Additional training opportunities can be located [here](#).

Questions may be directed to sfask@thda.org or 615-815-2100.

THDA LENDER NOTICE: #2021-18

December 1, 2021

SUBJECT: Annual Originating Agent Renewal

Over the next few weeks, THDA will be launching our annual renewal period. This year will look a little different. All renewals will be completed electronically.

The contact THDA has on file for your company will be receiving the notification email, along with a link to launch the renewal. Please verify your application contact information and update if necessary.

In addition to updating any necessary information, the Originating Agent (OA) will need to upload the following annual renewal documentation:

- [Recertification Form](#)
- Audited Financials
- Quality Control Plan
- Information Security Policy (This is new.)
- W9

All documents should be submitted within two weeks of receiving the initial email.

As outlined in the THDA Originating Agents Guide, the lender is responsible for maintaining approval status with THDA. A minimum origination volume has been added to the guide. Lenders must originate no fewer than six first mortgage loans which are purchased by THDA in each full calendar year. Consideration of lesser volume will be given in underserved or rural areas. Customer Account Managers will be available to assist with business development needs for your company to be successful with offering the THDA suite of mortgage products.

If you have any questions, please reach out to sfask@thda.org.

THDA LENDER NOTICE: #2021-19

December 3, 2021

SUBJECT: Interest Rate Decrease-Mortgage Revenue (MRB) Programs

Effective Monday, December 6, 2021, 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 lock reservations **received by THDA on and after Monday, December 6, 2021**, will be locked at the lower rate. All rate locks received by THDA **prior to December 6, 2021**, 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. Incorrect interest rates will delay the review of the mortgage loan file.

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. For the MRB programs, loans must close by the rate lock expiration date.

Thank you for your continued support and participation in the THDA mortgage loan programs.

Questions may be directed to sfask@thda.org or 615-815-2100.

THDA LENDER NOTICE: #2021-01

January 29, 2021

SUBJECT: Power of Attorney (POA), Closing Fees and FHA INFO #21-04

Power of Attorney

Effective immediately, THDA follows the insurer/guarantor's guidelines in regards to a Power of Attorney (POA) in circumstances of hardship, emergency situations and for military service members. Therefore, THDA must verify and document that all requirements to utilize a POA have been satisfied. POAs must be specific to the transaction. THDA must review and approve the POA prior to closing. Please submit with the Underwriting package. POAs must be notarized and recorded. Please refer to the OA guide for additional information regarding POAs.

- **OA Guide page affected:**
43

Allowable Settlement Fee for Second Mortgages

Effective immediately, THDA recognizes the additional work required from a settlement agent for second mortgage loans. THDA will allow a settlement fee to close a second mortgage loan in the amount up to \$200.

- **OA Guide pages affected:**
4, 6, 8, 33, 49, 61

FHA INFO#21-04

Effective immediately, THDA is aligning with the announcement made in the FHA INFO #21-04. All required documentation as outlined by FHA must be included in the loan submission.

- **OA Guide pages affected:**
10, 18, 26, 58

Underwriting Submission Checklist-Great Choice (HO-0549)

- Revised 01.2021

Closed Loan Submission Checklist-Great Choice (HO-0541)

- Revised 01.2021

Underwriting Submission Checklist-GC97 (HO-0550)

- Revised 01.2021

Closed Loan Submission Checklist-GC97 (HO-0542)

- Revised 01.2021

THDA LENDER NOTICE: #2021-02

February 11, 2021

SUBJECT: Site Value and Loan Prospector Doc Checklist

Site Value:

THDA has increased the site value to 40% for the Great Choice mortgage loans. Pursuant to T.C.A Section 13-23-118 with respect to each mortgage loan, improvements to the real property described in the deed of trust securing the Mortgage Loan are covered by valid and subsisting policy of insurance issued by a company authorized to issue such policies in the state of Tennessee and providing fire and extended coverage to an amount not less than ninety percent (90%) of the insurable value of the improvements to the real property. GC97 will continue to follow Freddie Mac guidelines for insurance coverage.

- **OA Guide page affected:**
20

Loan Prospector Document Checklist

Effective immediately, all GC97 mortgage loan submissions should include the Loan Prospector Doc Checklist as part of the LPA Feedback results. THDA is adjusting our program requirements to allow streamlined documentation when the Documentation Level reflects "Streamlined Accept". This checklist reflects those items required for each loan submitted to THDA, therefore some items listed on the GC97 Underwriting Submission checklist may not apply to each submission. Any changes to loan data within LPA could change the document checklist requirements. Please note, this checklist is not a replacement or substitution for the requirements set forth in THDA's OA guide or Freddie Mac's Seller/Servicer guide, therefore, additional documentation may be requested by the THDA underwriter.

- **OA Guide pages affected:**
59

THDA LENDER NOTICE: #2021-03

February 16, 2021

SUBJECT: Lower rate for GC97 Freddie Mac HFA Advantage Mortgage

Effective Monday March 1, 2021, the stand alone first mortgage loan, GC97, will have reduced pricing compared to the GC97 Plus Mortgage loan program. This pricing will be reflected daily on the THDA rate sheet, which can be located here <https://thda.org/pdf/Daily-Rate-Sheet.pdf>. There is also a change in the Loan Types listed on the rate sheet. GC97 is for the stand alone first mortgage only and GC97 Plus includes the second mortgage, which is automatically locked when the first mortgage is locked. **Please review your rate lock carefully**, if the incorrect program has been selected, please email SFask@thda.org for a correction.

As a reminder, some of the highlights for the GC 97 HFA product include the following:

- Lower private mortgage insurance coverage, which starts at 18% coverage.
- Flexibility for loan qualification for borrowers with student loan debt in comparison to FHA.
- Qualifying income of the borrower(s) on the loan is used instead of household income limits.
- Streamline documentation as required by Freddie Mac.
- No additional Loan Level Price Adjustments

If you are not currently offering the GC97 program and would like to know more information on the program, please contact your local customer account manager or email SFask@thda.org.

Thank you for your continued support and participation in the THDA mortgage loan programs.