

**PART V**  
**GC97 AND GC97 PLUS CONVENTIONAL PROGRAM**  
**Freddie Mac HFA Advantage**  
*Available Beginning July 1, 2020*

**SECTION 10: OVERVIEW**

This section of the guide is specific to insured conventional Freddie Mac mortgage loans unless otherwise noted. This program is designed for low and moderate income borrowers. GC97 offers an insured conventional mortgage loan secured by a first mortgage with a 30 year term with the options of down payment and closing cost assistance up to \$7500 (GC97 Plus) at a market interest rate the same as the first mortgage and 15 year term. Maximum CLTV limit of 105%.

<b>Loan Product Advisor</b>	HFA Advantage through Loan Product Advisor (LPA) LPA with “Accept” recommendation is required. LPA A Minus Offering is not allowed. Manual Underwriting is not allowed.
<b>Maximum Income</b>	Varies by County 80% Area Median Income (AMI) See <a href="#">Freddie Mac Limits for Home Possible</a>
<b>Maximum Household Acquisition</b>	Varies by County
<b>Loan Term</b>	30 year fixed on first mortgage
<b>Debt-to-Income Ratio</b>	Maximum 45%
<b>Credit Score</b>	Minimum credit score of 660 is required for all borrowers
<b>Manual Underwriting</b>	Not permitted
<b>Maximum LTV/CLTV</b>	Per Freddie Mac guidelines 97%/105%
<b>Eligible Properties</b>	Per Freddie Mac HFA Advantage allows Single-family, one unit primary residence, condos, PUDS are acceptable. Manufactured homes are not eligible.
<b>Mortgage Insurance</b>	Per Freddie Mac guidelines
<b>Buy downs</b>	Not permitted
<b>Assumable</b>	Not permitted
<b>Escrow Waivers</b>	Not permitted
<b>Subject to Recapture</b>	No
<b>Minimum Investment</b>	No minimum borrower investment is required by THDA, unless required by Freddie Mac.
<b>Occupancy Requirement</b>	Owner-occupied properties only
<b>Homebuyer Education</b>	Required
<b>Origination Fee</b>	Not permitted
<b>Down Payment Assistance</b>	GC-97 Plus. Secondary Financing \$6000 or \$7500, Fixed rate same as first mortgage, 15 year term

## 10.1 Eligible Borrower

First-time homebuyers and/or Repeat homebuyers are eligible.

<b>Occupancy</b>	Per Freddie Mac LPA guidelines: All borrowers must occupy the mortgaged premises as their primary residence. Non-occupant co-signers/co-mortgagors are not permitted.
<b>Residency</b>	Borrowers must be US Citizen or Permanent Resident Alien.
<b>Divorce</b>	If applicable final divorce must be final for 30 days prior to closing.
<b>Ownership Interest</b>	Borrower may not currently have an active THDA/VMLS loan.

## 10.2 Purchase Price Limit

GC97 will follow the same Purchase Price Limits as Great Choice. See Section 3.2.

## 10.3 Qualifying Income Limit

Unlike THDA's bond mortgage loan program Great Choice, the income limit for GC97 and GC97 Plus is based upon the income of the qualifying borrower(s) only. Therefore, total household income is not required. Qualifying income inclusions/exclusions per [Freddie Mac guidelines](#). Qualifying income is a maximum of 80% AMI.

## 10.4 First Mortgage Loan Terms and Guidelines

<b>Loan Types/ Investor Feature Identifiers (IFIs)</b>	Freddie Mac HFA Advantage Mortgage Loans only. HFA Advantage should be selected in LPA drop down. IFI 251 Home Possible Advantage for HFAs should be identified in Loan Selling Advisor.
<b>Maximum LTV/CLTV</b>	First loan mortgage amounts are subject to THDA purchase price limits. Maximum Freddie Mac HFA Advantage: 97%/105% for one-unit properties.
<b>Transaction Type</b>	Purchase transactions only. Refinance loans are not permitted. Construction loan permanent financing allowed.
<b>Mortgage Loan Rates and Reservations</b>	Mortgage loan rates and prices will be posted daily by THDA between 9:00 AM and 5:30 PM CST on Monday through Friday. These rates and prices are subject to change on a daily or intra-day basis. Lenders reserve loans through <a href="#">THDA Online Reservation system (THELMA)</a>
<b>Rate Locks and Extension Fee</b>	Loans reserved through the <a href="#">THELMA</a> system will have a rate lock to the lender of 60 calendar days. <b>The mortgage loan must be closed and all closing documentation must be delivered to THDA by the 60th calendar day.</b> Any loan cancelled during the rate lock period may not be reserved again for 60 days from the original reservation expiration date or cancellation date for the same borrower purchasing the same

	property. Pricing for loans re-reserved will result in pricing of the original rate lock or the new rate lock, whichever is higher. See section 10.11 for extension fee.
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## 10.5 Underwriting

<b>Freddie Mac HFA Advantage</b>	<p>Follow Freddie Mac HFA Advantage guidelines found on their <a href="#">website</a>, with the following exceptions:</p> <ul style="list-style-type: none"> <li>• Maximum DTI: 45% with Accept from LPA</li> <li>• Minimum credit score: 660</li> <li>• Purchase only</li> <li>• No temporary buy downs</li> <li>• Acreage limit 5.0 acres</li> <li>• 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.</li> </ul> <p>Please note the following:</p> <ul style="list-style-type: none"> <li>• LPA feedback should be transferred to THDA at the time of loan submission S/SN 210980</li> <li>• Appraisal must be shared with THDA in the Uniform Collateral Data Portal (UCDP) aggregator ID# GVT276</li> <li>• Freddie Mac does not allow non-occupying co-borrowers/signers/mortgagors.</li> <li>• HFA Advantage should be the Offering Identifier.</li> <li>• Under General Messages on LPA feedback you should receive a message indicating the loan has been correctly run thru LPA as an HFA loan. A message will also be displayed to determine if the transaction is a Very Low Income Purchase (VLIP) or Low Income Purchase (LIP).</li> </ul>
<b>Freddie Mac Resources</b>	<p>1-800-Freddie (800-373-3343)          Freddie Mac approved Seller Servicer , please press 1          For underwriting guideline support, please press 1          For affordable lending, HFA Advantage, please press 1          Enter your six-digit Seller Servicer number or seven-digit third party originator number, followed by pound sign.</p>
<b>Required Mortgage Insurance Coverage</b>	<p>18% charter coverage for 95.01-97% LTV Loans          16% charter coverage for 90.01-95% LTV Loans          12% charter coverage for 85.01-90% LTV Loans          6% charter coverage for 80.01-85% LTV Loans</p>
<b>Private Mortgage Insurance (PMI)</b>	<ul style="list-style-type: none"> <li>• Insurers must be acceptable to Freddie Mac.</li> <li>• Lender is responsible for activating any PMI policy and remitting any PMI payments due to the mortgage insurer prior to the sale of the loan to THDA. Lender is also responsible for transferring the PMI policy to THDA after the loan sale.</li> <li>• PMI rates, pricing and guidelines may differ among the participating mortgage insurers and are subject to change. Lenders should consult the current PMI guidelines at each company to determine the terms and conditions by which such loans will be insured.</li> </ul>

	THDA program guidelines do not supersede, nor are they a substitute for, the guidelines in place with each mortgage insurer at the time the loan is underwritten.
<b>Discounts Points</b>	Not permitted.
<b>Assumable</b>	Not permitted.
<b>Escrow Waivers</b>	Not permitted.
<b>Acreage</b>	Not to exceed 5.0 acres

### 10.6 Down Payment Assistance (GC97 Plus)

<b>GC97 Plus</b>	<ul style="list-style-type: none"> <li>• Second mortgage loan amortized over 15 year term, interest rate equal to the first mortgage interest rate <ul style="list-style-type: none"> <li>○ Sales price less than \$150,000; second mortgage loan amount equals \$6,000</li> <li>○ Sales price equal to or more than \$150,000; second mortgage loan amount equals \$7,500</li> </ul> </li> <li>• Second mortgage loan closes in the lender’s name utilizing Fannie Mae/Freddie Mac standard mortgage note and Deed of Trust.</li> <li>• The second loan is subject to repayment in its entirety if the property is sold or refinanced.</li> <li>• Subordination will not be granted if first mortgage is refinanced.</li> <li>• Second Mortgage is considered an affordable second in LPA.</li> <li>• Late fee is 5% of the overdue payment after the 15<sup>th</sup> calendar day</li> </ul>
<b>Lender Advance</b>	Lenders will advance the second loan at the loan closing for the benefit of the borrower, which will be reimbursed based upon the purchase of the mortgage loan by THDA.
<b>Compliance Issues</b>	The second loan is evidenced by a second mortgage note and secured by a subordinate deed of trust. See TRID section below for disclosure procedures and documentation.
<b>Limitations on Down Payment Assistance</b>	<p>At closing, an Eligible Borrower may not receive cash back except for the following reason, reimbursement of fees and/or expenses paid outside of closing, including but not limited to earnest money deposit, appraisal fees, home inspection fees, credit report and homebuyer education expenses charges.</p> <p>The eligible borrower may be reimbursed up to the amount of overpayment with documented expenditures. In the event of remaining funds after the eligible borrower has been reimbursed for appropriate requested amounts, the borrower shall not receive the additional funds. However, surplus funds may be applied as a principal curtailment on the first mortgage and be documented on the closing disclosure.</p>

### 10.7 TRID

<b>Loan Estimate</b>	All assisted loans will require a Loan Estimate (LE). Lenders can generate one from their LOS system that contains the appropriate terms. Only recording fee, odd days/prepaid interest, and mortgage tax fee may be listed.
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<b>Closing Disclosure</b>	Lenders are required to provide a Closing Disclosure at closing listing only the recording fee, odd days/prepaid interest, and mortgage tax fee for the second mortgage for all loans reserved. Any fees in addition to the recording fee, odd days/prepaid interest, and mortgage tax fee listed on the second mortgage CD will be required to be refunded to the borrower prior to purchase approval. Any excessive recording fees charged will require a detailed explanation. Any fees not proven to be for recording will require a refund to the borrower prior to purchase approval.
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**10.8 Homebuyer Education**

<b>Homebuyer Education</b>	A pre-purchase certificate from a THDA approved agency or HUD-approved counseling agency issued within the previous 12 months. Each person on the loan is required to obtain homebuyer education, even non-first time homebuyers. Required to be completed prior to commitment approval. See section 5.1 D for additional information.
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**10.9 Lender Process**

<b>Application and Reservation</b>	<p>Lender determines borrower eligibility per Freddie Mac and THDA guidelines, credit score minimum, debt-to-income, income limits and purchase price limits. Lender reserves the loan through THDA’s online lender portal THELMA. When loan is reserved the rate is locked. Lender processes the loan, gathers documentation, obtains the appraisal and lender issues approval on file.</p> <p>If incorrect program type has been selected, loan must be withdrawn and resubmitted under correct program type. If submission is in error, loan will be locked at current secondary rate. Subject to THDA review of original disclosures.</p> <p>Lender is responsible for uploading the appraisal into Uniform Collateral Data Portal (UCDP). LPA feedback certificate should contain Home Value Explore (HVE) results. Lender is responsible for assigning the final LPA to THDA upon loan submission to THDA.</p>
<b>Commitment Compliance Package</b>	<p>Within 25 calendar days from the loan reservation date, the lender must upload the loan package to THDA through the lender portal THELMA per the <a href="#">GC97 Underwriting Submission Checklist</a>. Please submit all documents on checklist in proper stacking order.</p> <p>THDA will either approve the compliance package, issue prior to closing conditions or decline the file. If conditions are issued please submit immediately to expedite the approval. Once the underwriting compliance package is approved, THDA will email the commitment to the processor submitting the file and it is also available for review/download in the THELMA system. The lender is authorized to proceed with the loan closing once approval commitment has been issued. Commitment will expire on lock expiration date.</p>

<b>Purchase Compliance Package</b>	Lenders must submit a closed loan package to THDA after closing and prior to the loan being eligible for purchase by THDA, per the <a href="#">GC97 Closed Loan Submission Checklist</a> . Once the close loan package is approved by THDA, and the original note received, THDA may purchase the mortgage loan.
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### 10.10 Compensation and Fees

<b>Lender Compensation</b>	<ul style="list-style-type: none"> <li>• Lenders are not permitted to charge borrower or seller origination or discount fees.</li> <li>• 1.75% compensation will be paid at the time of purchase on all first Mortgage Loans that are closed and delivered within the 60 day loan period. Loans over 60 days are subject to applicable extension fees.</li> <li>• Lender may receive a Service Release Premium (SRP) equal to 1.0% of the first mortgage loan amount paid by THDA at the time of loan completion. Delivery deadline must be met. See section 8</li> </ul>
<b>Allowable Fees</b>	Reasonable and customary fees not to exceed \$1400, and closing costs may be charged as long as such compensation payments are fully disclosed to the borrower in accordance with federal, state and local laws and regulations.
<b>Non Delivery Fee</b>	If an extension is elected, but the related Mortgage Loan is not sold to THDA, the Lender may be billed for the extension fee.

### 10.11 Closing/Delivery Information

<b>Uniform Closing Dataset (UCD)</b>	THDA requires a Freddie Mac UCD Findings Report in every conventional loan file. The report must reflect “successful result” with transfer to THDA, an embedded CD, and no Fatal Error Edit warnings.
<b>Delivery of Mortgage Loans</b>	<p>Mortgage Loans must be delivered and ready for purchase within 60 calendar days of the loan reservation/rate lock date. Failure to comply with the 60 day delivery deadline will be subject to a 0.25% extension fee for 30 days beyond the original 60 days. Extension Fee will be netted from the Loan Purchase compensation when the Mortgage Loan is purchased from the Lender. Loans that are not purchased at 100 days after closing are subject to cancellation or a price adjustment.</p> <p>All closing packages should be uploaded into the THELMA portal, original notes must be sent to the following address:</p> <p style="text-align: center;">THDA Attn: Single Family Loan Operations 502 Deaderick St., Third Floor Nashville, TN 37243</p>

<p><b>Uniform Loan Delivery Dataset (ULDD)</b></p>	<p>THDA requires lenders to deliver final ULDD data points required for HFA Advantage mortgage in accordance with Freddie Mac Guide Sections 6302.14 &amp; 6302.34. Delivery of the final ULDD xml file to THDA is through THDA portal THELMA at the time the closing package is delivered within 10 days of the closing date.</p> <p>In addition, lender must ensure the following program specific ULDD data points are included, as applicable:</p> <table border="1" data-bbox="548 388 1469 1512"> <thead> <tr> <th data-bbox="548 388 1073 451">ULDD Data Point</th> <th data-bbox="1073 388 1469 451">Valid Value</th> </tr> </thead> <tbody> <tr> <td data-bbox="548 451 1073 577">Loan Program Identifier</td> <td data-bbox="1073 451 1469 577">HFA Advantage or Home Possible Advantage for HFAs</td> </tr> <tr> <td data-bbox="548 577 1073 630">Loan Manual underwriting Indicator</td> <td data-bbox="1073 577 1469 630">False</td> </tr> <tr> <td data-bbox="548 630 1073 724">Loan Affordable Indicator in “Product Information” Section</td> <td data-bbox="1073 630 1469 724">True</td> </tr> <tr> <td data-bbox="548 724 1073 882">Automated Underwriting Recommendation Description</td> <td data-bbox="1073 724 1469 882">Accept</td> </tr> <tr> <td data-bbox="548 882 1073 1039">Investor Feature Identifier VLIP AMI &lt; 50% LIP AMI &lt; 80%</td> <td data-bbox="1073 882 1469 1039">H56 H55</td> </tr> <tr> <td data-bbox="548 1039 1073 1165">Lien Priority Type in “Secondary Financing/Related Loan Information” Section</td> <td data-bbox="1073 1039 1469 1165">Second Lien</td> </tr> <tr> <td data-bbox="548 1165 1073 1291">Loan Affordable Indicator Located in “Secondary Financing / Related Loan Information” Section</td> <td data-bbox="1073 1165 1469 1291">True</td> </tr> <tr> <td data-bbox="548 1291 1073 1417">HELOC Indicator in “Secondary Financing/Related Loan Information” Section</td> <td data-bbox="1073 1291 1469 1417">False</td> </tr> <tr> <td data-bbox="548 1417 1073 1512">Combined LTV Ratio Percent in “Additional LTV Details” Section</td> <td data-bbox="1073 1417 1469 1512">Must combine all mortgages</td> </tr> </tbody> </table>	ULDD Data Point	Valid Value	Loan Program Identifier	HFA Advantage or Home Possible Advantage for HFAs	Loan Manual underwriting Indicator	False	Loan Affordable Indicator in “Product Information” Section	True	Automated Underwriting Recommendation Description	Accept	Investor Feature Identifier VLIP AMI < 50% LIP AMI < 80%	H56 H55	Lien Priority Type in “Secondary Financing/Related Loan Information” Section	Second Lien	Loan Affordable Indicator Located in “Secondary Financing / Related Loan Information” Section	True	HELOC Indicator in “Secondary Financing/Related Loan Information” Section	False	Combined LTV Ratio Percent in “Additional LTV Details” Section	Must combine all mortgages
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Loan Manual underwriting Indicator	False																				
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HELOC Indicator in “Secondary Financing/Related Loan Information” Section	False																				
Combined LTV Ratio Percent in “Additional LTV Details” Section	Must combine all mortgages																				
<p><b>Original Mortgage Note</b></p>	<p>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.</p>																				
<p><b>Non Delivery Fee</b></p>	<p>If the Lender elects an extension fee of .25% for a 30-day extension for a Mortgage Loan, such extension fee may be due whether or not a Mortgage Loan is ultimately delivered and/or purchased by THDA. Any Lender with total outstanding extension fees of \$5,000 may be ineligible to participate in the Program until the unpaid balance of extension fees is paid in full.</p>																				

<b>Final Document Delivery</b>	Final document delivery information and checklist are posted on <a href="http://www.thda.org">www.thda.org</a> . Late delivery more than 120 days from closing may result in 0% SRP payment.
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## 10.12 Servicing

THDA will provide (at no cost to the borrower) Early Delinquency Counseling to all borrowers who experience problems meeting their mortgage obligations, as outlined in Freddie Mac's Servicing Guide Sections 9101.2 and 9102.4. HUD approved housing counseling agencies can be found at <https://apps.hud.gov/offices/hsg/sfh/hcc/hcs.cfm?&webListAction=search&searchstate=TN>.

See Section 8.6 for additional servicing info.