

FIRST-TIME HOMEBUYER RULE

Applicant(s) who have had an ownership interest in their principal residence within the three years (a full 36 calendar months) prior to the date of application are not eligible for a THDA loan. When an applicant is married, both spouses must meet the three year, first-time homebuyer requirement. The three year requirement does not apply if the Property to be acquired with the THDA loan is located within a Targeted Area or under certain circumstances if the applicant is a veteran.

A. Permitted Ownership Interests

An Applicant may have the following ownership interests in their principal residence within the last three years and be eligible for a THDA loan:

1. An ordinary lease, with or without an option to buy;
2. The interest of a buyer under a standard residential purchase contract;
3. A mere expectancy to inherit property at a later date;
4. A remainder interest;
5. A manufactured home without ownership of the land on which it is located;
6. A manufactured home and land on which it was located, if the manufactured home was not titled and assessed as real property;
7. Any of the prohibited ownership interests if the property is in a Targeted Area;
8. Any other interest that is not a prohibited interest, as determined by THDA.

An Applicant may also have the following ownership interests within the last three years and be eligible for a THDA loan:

1. An ownership interest in a vacation home or rental property;
2. A financial interest in a residence in which the Applicant has not resided at any time within the last three years;

B. Prohibited Ownership Interests

To determine whether the Property is in a Targeted Area, please [click here](#). If the Property is in a Targeted Area, this requirement does not apply.

Applicants who have had any of the following ownership interests in their principal residence within the three years (a full 36 calendar months) before the date of the THDA loan application are not eligible for a THDA loan to acquire Property located within a non-Targeted Area:

1. A fee simple interest;
2. A joint tenancy;
3. A tenancy in common;
4. A tenancy by the entirety;
5. The interest of a tenant-shareholder in a cooperative;
6. A life estate;
7. A land contract;
8. Ownership of a manufactured home and the land on which it was located, if the manufactured home was titled and assessed as real property;
9. An interest in an Applicant's principal residence created by the existence of an inheritance, whether title is vested in the Applicant or not;
10. Any of the above interests held in a trust (whether or not created by the Applicant) that would constitute an ownership interest if held directly by the Applicant.
11. Interest arising because, within the last three years, the Applicant's name was included on a deed to a residence which the Applicant occupied as their principal residence.
12. Interest arising because, within the last three years, the Applicant was married to a person who had one of the prohibited ownership interests in a residence which Applicant occupied as their principal residence.
13. Any other interest that constitutes an ownership interest, as determined by THDA.

C. Veteran Exemption

Veterans and their spouses do not have to meet the three year requirement (i.e. be a first-time homebuyer) under certain circumstances to be eligible for THDA's mortgage programs. "Veterans" as defined in 38 U.S.C. Section 101, so long as the Veteran did not previously receive a bond finance mortgage under this exception and, generally, includes anyone (a) who has served in the military and has been released under conditions other than dishonorable or (b) who has re-enlisted, but could have been discharged or released under conditions other than dishonorable.