



**ORIGINATING AGENTS GUIDE
REVISION 110**

March 7, 2016

Remove and discard:

Replace with enclosed:

Page 22 (Revised 01/25/2015).....Page 22 (Revised 03/07/2016)
Page 25 (Revised 08/01/2015).....Page 25 (Revised 03/07/2016)

EFFECT OF CHANGE

- I. **Effective Monday, March 7, 2016** the required time for the completion of an approved homebuyer education course will be revised from 8 hours of face-to-face classroom education, to the following options:
 - Minimum of six hours of face-to-face classroom education
 - Four hours of classroom education plus one hour, per household, of one-on-one counseling.

In addition to the classroom education, THDA will continue to allow the online education option approved with eHome America.

- II. Regarding non-traditional credit requirements, both applicants must have a 640 credit score; if one applicant does not have a credit score, the file must meet non-traditional requirements that include a maximum of 36% DTI and 2 months PITI.



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JANUARY 2014

Latest Revision: 3/7/16

- The victim/borrower does not have to purchase in the declared disaster areas.
- Find the listed Presidentially declared disaster areas at: www.fema.gov .
- The victim/borrower has to provide proof of permanent residence in the disaster area and proof of destruction of residence with the following recommended documents:
 - Proof of permanent residence: valid driver's license, voter registration card, or utility bills;
 - Proof of destruction of residence: an insurance report, an inspection report by an independent fee inspector or government agency (FEMA), or conclusive photographic evidence showing the destruction or damage.

The following properties are eligible: one unit detached homes, approved condominium projects, or spot loan condominiums. (Two, three, and four unit properties are not eligible to be purchased in this program.)

Closing costs and prepaids can be paid by the buyer, seller, Originating Agent, or through the THDA Great Choice Plus second mortgage loan program.

Standard FHA and THDA underwriting guidelines apply for qualification.

4. THDA will not accept applications from any applicant whose credit score is below 640. Applicant(s) with no credit scores, however, may be manually underwritten using non-traditional credit guidelines in accordance with FHA, VA or Rural Development requirements. If all applicants do not have a credit score, application must be manually underwritten using non-traditional credit guidelines.
5. The total debt to income ratio must not exceed 45%. Debt to income ratio for manual underwriting must not exceed 43%. Debt to income ratio for non-traditional credit file (no scores) is limited to 36%.
6. Other Considerations
 - a. A Gift of Equity may be considered by THDA on a case-by-case basis on an existing home or new construction under certain circumstances. The terms of the Gift of Equity must be stated in the sales contract and must be from an immediate family member. Immediate family member is defined as parents, siblings and grandparents. If the home is proposed or under construction, the maximum loan cannot exceed the borrower's actual cost of construction plus the borrower's actual cost of the lot, both of which must be verified. THDA reserves the right to ask for or require additional documentation on any loan with a Gift of Equity.
 - b. For transactions involving estate sales wherein the Applicant is an heir, the maximum loan amount must be calculated after deducting the Applicant/heir's anticipated share of the sale proceeds.

D. Security

All THDA loans must be secured by a first lien on the property. In addition, at the option of the borrower, a Great Choice Plus loan for DPA/closing costs assistance may be provided. All Great Choice Plus loans must be secured by a second lien on the property.

E. Loan Payment Terms

1. Great Choice

Great Choice loans must be fully amortized, with level payments, and must be for a term of 30 years. If a 30 year loan term exceeds the economic life of the property, as provided in the appraisal report, THDA may not approve the loan.

1. Face-to-Face

- A minimum of six hours of classroom education
- A four hour class or workshop, paired with a minimum of one hour of individual counseling
- A minimum of four hours of face-to-face, one-on-one homebuyer counseling

2. Online Education

- A minimum of one hour of individual counseling paired with THDA's approved eHomeAmerica online homeownership education course
 - The borrower may access the course via THDA's website or by contacting the approved Provider agency directly.
 - The borrower will select an HBEI Provider and pay a fee during the online registration process.
 - Upon completion of the course, the borrower will be contacted by the HBEI Provider and required to participate in a one hour counseling session. The session provides follow-up counseling on the test questions and additional counseling regarding the customer's budget and responsibilities as a homeowner.

After the Homebuyer Education course is completed, the HBEI Provider will provide the borrower with their THDA Certificate of Completion. The certificate will be in effect for 12 months.

D. Age of Credit Documents

All credit documents must be current when submitted to THDA for underwriting. For Commitments with a term of six months (permanent financing on new construction), income documents more than 180 days old must be updated and resubmitted for THDA review and approval when construction is complete.

All updates and requests for extension of the Commitment must be submitted with updated documents for THDA approval prior to the Commitment expiration date.

E. Qualifying Spouse

When an application is made by two people, both are considered co-applicants for THDA eligibility purposes. Both must sign the Application Affidavit and the income of both persons must be included in calculating Household Income as described in Section 3.3. Both persons must execute the Note and the Deed of Trust.

F. Non-Qualifying Spouse

1. Cannot have owned principal residence in the past three years unless present property being purchased is in a targeted area.
2. Items required as documentation on the non-qualifying spouse: