

Ralph M. Perrey, Executive Director



**ORIGINATING AGENTS GUIDE
REVISION 112**

May 23, 2016

Remove and discard:

Replace with enclosed:

Page 10 (Revised 06/11/15)	Page 10 (Revised 06/11/16(2))
Page 21 (January 2014).....	Page 21 (Revised 05/23/2016)
Page 28 (Revised 08/13/14)	Page 28 (Revised 05/23/2016)
Page 37 (January 2014).....	Page 37 (Revised 05/23/2016)
Page 38 (January 2014).....	Page 38 (Revised 05/23/2016)
Page 47 (Revised 09/22/2015)	Page 47 (Revised 05/23/2016)
Underwriting Submission Checklist	
<i>HO-0549 (10.15)</i>	<i>HO-0549 (05.16)</i>

EFFECT OF CHANGE

Page 10 has been revised to reflect correct income limits for Bradley County effective June 11, 2016.

Other pages included with this revision contain minor updated form numbers or language changes.



Originating Agents Guide

JANUARY 2014

Latest Revision: 5/23/16

D. Current Acquisition Cost Limits By MSA*/County

Counties	Acquisition Cost Limits	Household Income Limits		Counties	Acquisition Cost Limits	Household Income Limits	
		1-2 Persons	3 + Persons			1-2 Persons	3 + Persons
Anderson	\$250,000	\$61,762	\$71,026	Lewis	\$250,000	\$56,100	\$64,960
Bedford	\$250,000	\$58,800	\$68,600	Lincoln	T \$300,000	\$67,320	\$78,540
Benton	\$250,000	\$56,100	\$64,960	Loudon	T \$300,000	\$73,920	\$86,240
Bledsoe	T \$300,000	\$67,320	\$78,540	Macon	T \$375,000	\$67,320	\$78,540
Blount	\$250,000	\$61,762	\$71,026	Madison	T \$300,000	\$67,320	\$78,540
Bradley	* \$250,000	\$59,160	\$68,739	Marion	T \$300,000	\$69,960	\$81,620
Campbell	T \$300,000	\$67,320	\$78,540	Marshall	\$250,000	\$59,373	\$68,279
Cannon	T \$375,000	\$80,280	\$93,660	Mauzy	T \$375,000	\$67,320	\$78,540
Carroll	T \$300,000	\$67,320	\$78,540	McMinn	\$250,000	\$59,880	\$69,061
Carter	\$250,000	\$59,760	\$69,084	McNairy	T \$300,000	\$67,320	\$78,540
Cheatham	\$375,000	\$80,280	\$93,660	Meigs	T \$300,000	\$67,320	\$78,540
Chester	T \$300,000	\$67,320	\$78,540	Monroe	T \$300,000	\$67,320	\$78,540
Claiborne	T \$300,000	\$67,320	\$78,540	Montgomery	* \$250,000	\$59,253	\$68,141
Clay	T \$300,000	\$67,320	\$78,540	Moore	\$250,000	\$61,000	\$70,150
Cocke	T \$300,000	\$67,320	\$78,540	Morgan	T \$300,000	\$67,320	\$78,540
Coffee	* \$250,000	\$59,693	\$68,647	Obion	T \$300,000	\$67,320	\$78,540
Crockett	T \$300,000	\$67,320	\$78,540	Overton	T \$300,000	\$67,320	\$78,540
Cumberland	\$250,000	\$56,100	\$64,960	Perry	\$250,000	\$56,100	\$64,960
Davidson	* \$375,000	\$80,280	\$93,660	Pickett	T \$300,000	\$67,320	\$78,540
Decatur	\$250,000	\$59,280	\$69,160	Polk	T \$300,000	\$67,320	\$78,540
DeKalb	T \$300,000	\$67,320	\$78,540	Putnam	\$250,000	\$56,100	\$64,960
Dickson	\$375,000	\$80,280	\$93,660	Rhea	T \$300,000	\$67,320	\$78,540
Dyer	T \$300,000	\$67,320	\$78,540	Roane	\$250,000	\$59,213	\$68,095
Fayette	T \$300,000	\$69,600	\$81,200	Robertson	* \$375,000	\$80,280	\$93,660
Fentress	T \$300,000	\$67,320	\$78,540	Rutherford	* \$375,000	\$80,280	\$93,660
Franklin	T \$300,000	\$67,320	\$78,540	Scott	T \$300,000	\$67,320	\$78,540
Gibson	T \$300,000	\$67,320	\$78,540	Sequatchie	T \$300,000	\$69,960	\$81,620
Giles	T \$300,000	\$67,320	\$78,540	Sevier	\$250,000	\$59,713	\$68,670
Grainger	T \$300,000	\$67,320	\$78,540	Shelby	* \$250,000	\$60,100	\$69,115
Greene	T \$300,000	\$67,320	\$78,540	Smith	\$375,000	\$64,800	\$75,600
Grundy	T \$300,000	\$67,320	\$78,540	Stewart	T \$300,000	\$67,320	\$78,540
Hamblen	* \$250,000	\$56,760	\$66,220	Sullivan	* \$250,000	\$59,893	\$68,877
Hamilton	* \$250,000	\$61,200	\$70,380	Sumner	\$375,000	\$80,280	\$93,660
Hancock	T \$300,000	\$67,320	\$78,540	Tipton	T \$300,000	\$69,600	\$81,200
Hardeman	T \$300,000	\$67,320	\$78,540	Trousdale	T \$375,000	\$80,280	\$93,660
Hardin	T \$300,000	\$67,320	\$78,540	Unicoi	T \$300,000	\$67,320	\$78,540
Hawkins	T \$300,000	\$67,320	\$78,540	Union	T \$300,000	\$73,920	\$86,240
Haywood	T \$300,000	\$67,320	\$78,540	Van Buren	T \$300,000	\$67,320	\$78,540
Henderson	T \$300,000	\$67,320	\$78,540	Warren	\$250,000	\$56,100	\$64,960
Henry	* \$250,000	\$60,013	\$69,015	Washington	* \$250,000	\$59,760	\$69,084
Hickman	T \$375,000	\$67,320	\$78,540	Wayne	T \$300,000	\$67,320	\$78,540
Houston	T \$300,000	\$67,320	\$78,540	Weakley	* \$250,000	\$59,633	\$68,578
Humphreys	\$250,000	\$58,853	\$67,681	White	T \$300,000	\$67,320	\$78,540
Jackson	T \$300,000	\$67,320	\$78,540	Williamson	\$375,000	\$80,280	\$93,660
Jefferson	T \$300,000	\$67,320	\$78,540	Wilson	\$375,000	\$80,280	\$93,660
Johnson	T \$300,000	\$67,320	\$78,540				
Knox	* \$250,000	\$61,762	\$71,026				
Lake	T \$300,000	\$67,320	\$78,540				
Lauderdale	T \$250,000	\$67,320	\$78,540				
Lawrence	T \$250,000	\$67,320	\$78,540				

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.

4.3 ELIGIBLE LOAN TYPES AND TERMS

A. Types Of Loans

Each THDA loan must be one of the following:

1. Insured or guaranteed by one of the following:
 - a. the Department of Veterans Affairs (VA), as evidenced by a Loan Guaranty Certificate (LGC); or
 - b. the Federal Housing Administration (FHA), as evidenced by a Mortgage Insurance Certificate (MIC); or
 - c. the United States Department of Agriculture, Rural Development, as evidenced by USDA/RD Form 3555-17.
2. Conventional loans must have a loan-to-value ratio of 78% or less based on the loan amount divided by the lesser of appraisal or contract sales price. In the case of a self-built new construction, the ratio is based on the lesser of appraised value or actual total cost.

B. Maximum Loan-To-Value Ratios

As permitted by FHA, VA, USDA/RD, or 78% LTV for conventional loans, subject to any restrictions contained in this Guide.

C. Maximum Loan Amount

1. Conventional Loans
 - a. All Conventional loans must be underwritten using FNMA and FHLMC guidelines, no expanded approvals allowed. Automated Underwriting Systems, FNMA's (DU) or FHLMC's (LP) must be used for the underwriting decision.
 - b. Loans at 78% or less LTV may be manually underwritten if the borrower/s have no credit score. However, if FNMA or FHLMC's Automated Underwriting System (DU or LP) is used, no expanded approvals are acceptable for THDA loans.
2. FHA, VA or USDA/RD Loans

The Base Loan Amount cannot exceed the appraised value, and cannot exceed THDA's Acquisition Cost limit for the county in which the property is located. The Total Loan Amount may exceed the maximum Acquisition Cost limit by no more than the amount of financed MIP, funding fee or guaranty fee.
3. FHA 203(h) Mortgage Insurance for Disaster Victims

THDA will accept applications under FHA's Section 203(h) Mortgage Insurance for disaster victims, provided they were a tenant who lost the use of their rental primary residence due to a natural disaster located within a Presidentially declared area.

 - Program is in effect for one year from when the President declares the disaster.
 - 100% financing for disaster victims whose homes/residences have been either destroyed or damaged to the point that reconstruction is required in a Presidentially declared disaster area.

5.4 DEBTS, OBLIGATIONS AND OTHER EXPENSES

A. Remaining Debt Payments

Although most program insurer underwriting guidelines allow a certain number of remaining scheduled debt payments to be disregarded for purposes of loan qualifying, the impact of existing debt payments on Applicant's budget at the time of the first scheduled THDA loan payment may be evaluated in THDA's sole discretion.

B. Bankruptcy (Chapter 7 and Chapter 13)

An Applicant's Chapter 7 bankruptcy must be discharged for a minimum of two years and acceptable credit must be re-established to be eligible for a THDA loan.

An Applicant's Chapter 13 bankruptcy must be discharged for a minimum of one year, with all payments on the plan made as agreed, and acceptable credit re-established or maintained during this time.

Applicants currently in bankruptcy are not eligible for THDA loan programs.

C. Previous Default

Applicants with prior foreclosures or deeds-in-lieu are not eligible for THDA loan programs for a period of three years from the date of the foreclosure sale. If the foreclosure or a short sale was on a THDA funded loan, the borrowers are not eligible for another THDA loan.

D. Child Support and Alimony Obligations

Include a copy of the final order, signed by the court. Payments must be current.

E. Judgments

Any and all judgments must be handled in accordance with the program insurer guidelines.

F. Federal or State Tax Liens, Tax Arrearages

All tax liens or arrearages must be paid in full. Include an acceptable explanation from the Applicant.

G. Collections

Any and all collection accounts must be handled in accordance with program insurer guidelines.

H. Co-Signed Debt

Any and all co-signed accounts must be included in Originating Agent underwriting decisions in accordance with program insurer guidelines.

I. Child Care Expense

Child care expenses must be handled in accordance with program insurer guidelines.

J. Legally Enforceable Obligation Letter

If a borrower receives a Great Choice Plus loan and has an FHA first mortgage, a Legally Enforceable Obligation Letter, Form HO-0476, must be signed by Borrower at closing. This letter will be sent to the Originating Agent with the THDA loan commitment.

SECTION 7: CLOSING A THDA LOAN

7.1 OVERVIEW

All THDA approved loans must be closed in compliance with the Commitment and in compliance with the instructions contained in this Guide by a Settlement Agent who is an independent, third-party attorney or a title company. A federal or state regulated financial institution may act as their own Settlement Agent only with THDA's prior written approval, and in THDA's sole discretion. THDA will, however, rely on the Originating Agent to remedy problems concerning closed loan documentation.

Any closed loan subsequently determined to be ineligible due to the terms of the closing, closing documentation, failure to comply with insurer, guarantor or THDA closing conditions, early payment default, and/or any other closing related problem or error, is ineligible for THDA funding, without exception and the Originating Agent will be required to repurchase the loan, at THDA's discretion.

A. Electronic Notes

A copy of the executed Note for the first and second mortgage (if applicable) should be emailed to closing@thda.org or uploaded to the mortgage loan portal within 72 hours of loan closing.

B. Expedite Loan Documents

The Originating Agent must immediately submit the closed loan file for loan guaranty/insurance and ship servicing documents to the THDA Servicer as soon as possible.

Failure to comply with delivery deadlines will result in the Originating Agent being required to repurchase the loan from THDA or THDA will refuse to purchase the loan. See Section 8.2 for THDA delivery deadlines.

7.2 LOAN COMMITMENT

If the terms of the closed loan do not match the Commitment, or Commitment conditions are not satisfied, the Commitment is void. THDA may refuse to fund, may refuse to purchase or may demand repurchase by Originating Agent of closed first and second loans that do not conform to the Commitment. If any element of the transaction does not match the Commitment or if Commitment conditions are not satisfied, do not proceed with the closing. A revised Commitment must be issued prior to closing if any element of the proposed transaction does not match the Commitment. Contact THDA with any questions or to obtain a revised Commitment prior to closing.

7.3 REQUIRED LOAN DOCUMENTS

A. Loan Documents

The most recent versions of the following instruments for the applicable loan type must be used, including any applicable riders. A non-qualifying spouse must sign the Deed of Trust:

1. FHA: Multistate FHA Note (Tennessee)
Multistate FHA Deed of Trust (Tennessee)
THDA Rider

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 and Note
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).

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.

O. Copy of MIC/LGC; Original USDA/RD 3555-17, or As Applicable

1. The MIC must be ordered promptly after closing. THDA must receive a copy of the MIC within 120 days following closing.

Evidence of Originating Agent compliance with HUD's electronic transmission requirements for the Mortgage Record Change must be in the closing package. A copy of the lender query from FHA connection reflecting THDA as the holder.
2. The LGC must be ordered promptly after closing. THDA must receive a copy of the LGC within 120 days following closing.
3. For USDA/RD loans, enclose the original Loan Note Guaranty 3555-17 within 120 days of closing.

Also enclose a copy of RD Form 3555-11, Lender Record Change. The original 3555-11 must be submitted to Rural Development. In the appropriate space, indicate THDA's USDA/RD ID number: 6206001445.

P. Final Loan Application (1003)

The final 1003 executed by the borrower(s) must be included in the Closed Loan Submission Package.

8.5 LOAN REPURCHASE

A. Repurchase Obligation

THDA, in its sole discretion, may refuse to purchase any loan and may require an Originating Agent to repurchase any loan(s) when any of the following exist:

1. Commitment conditions are not satisfied; or
2. The closed loan does not match all elements of the Commitment; or
3. The Originating Agent fails to deliver required documents to the THDA Servicer within the THDA Servicer's deadline; or
4. The loan is refused for servicing by the THDA Servicer; or
5. The Borrower fails to make the first regularly scheduled loan payment to the THDA Servicer ("first payment default"); or
6. The Borrower experiences a first payment default before the MIC, LGC, USDA/RD guarantee or PMI certificate is issued (first payment default is determined by the records of the THDA Servicer indicated on the Commitment); or
7. An entity other than THDA or the Originating Agent is named on the MIC, LGC, USDA/RD guarantee (3555-11, 3555-17 or 3555-18) or PMI Certificate;
8. The Originating Agent fails to deliver closed loan documentation to THDA within specified deadlines; or
9. The loan cannot be insured or guaranteed within 150 days of loan closing or the THDA closing file is incomplete on the 151st day following loan closing; or
10. Any material fact discovered subsequent to the closing causes the loan to be ineligible for THDA financing.

**Tennessee Housing Development Agency (THDA)
Underwriting Submission Checklist**

OA Number: _____

Primary Applicant: _____

OA Name: _____

Property Address: _____

OA Address: _____

Applicant's Email _____

Program Type:

- Great Choice-1st Mortgage
- Great Choice Plus-2nd Mortgage
- Homeownership for the Brave

DU/LP Recommendation

- Approve/Eligible
- Refer/Eligible
- Manual No Score

Loan Type:

- FHA
- VA
- USDA/RD
- Conventional

Property Type:

- Single Family Detached
- Condo
- Manufactured Home
- Other _____

PLEASE ASSEMBLE PACKAGE IN ORDER LISTED BELOW

THDA PROGRAM ELIGIBILITY

- 1. Buyer Profile
- 2. Original Application Affidavit(s), Veteran Exemption Application Affidavit
- 3. Original Seller Affidavit (notarized)
- 4. Signed and Dated Tax Returns with all schedules and W-2s for the most recent tax year including non-qualifying spouse
- 5. IRS Non-Filing Confirmation for most recent tax year including non-qualifying spouse
- 6. Notice to Applicants Federal Recapture Requirements (signed copy)
- 7. Homebuyer Education Certification
- 8. Great Choice Plus Loan Program Application for Assistance
- 9. Disclosure of Loan Terms for Great Choice Plus second mortgage (if applicable)

CREDIT PACKAGE

- 10. FHA Loan Underwriting and Transmittal Summary with condition sheet, **AND** Form 92900A p3, signed by DE Underwriter and DU or LP findings
- 11. USDA/RHS #3555-18
- 12. Typed Transmittal Summary (1008) signed by underwriter with DU or LP findings within 90 days of AUS or run date
- 13. VA/Loan Analysis Worksheet Approval OR VA Certificate of Commitment/DD-214 or DD-4 (if applicable)
- 14. Initial Loan Estimate
- 15. Initial Good Faith Estimate for Great Choice Plus mortgage loan
- 16. Final Loan Application (Typed URLA) 1003 (3 year residency should be stated)
- 17. Initial Interviewer's Signed Loan Application 1003 (3 year residency should be stated)
- 18. Credit Report and credit explanation letters (if applicable)
- 19. Final Divorce Decree/Marital Dissolution (if applicable)
- 20. Verification of Court Ordered Child Support/Parenting Plan
- 21. Verification of SSI or Other Assistance
- 22. Verifications of Employment (verbal is unacceptable)
- 23. Most Recent Pay Stub (within past 30 days)
- 24. Verifications of Prior Employment (telephone verification is acceptable)
- 25. Self-Employment Cash Flow Worksheet, P & L, 2 years Business Tax Returns (corp. or partnership or sole prop.)
- 26. Verification of Deposit OR Borrower's Bank Statements for the previous two months
- 27. Gift Letter
- 28. Sales Contract and Addendum (Copy)
- 29. Appraisal Report (URAR) and Condition Sheet with VC Sheet/USDA-RD Conditions, and executed conditional commitment (928005.b), VA CRV
- 30. Final Inspection and Legible Photos of Subject Property (front, rear, street) and Photos or Photocopies of comparable sales
- 31. Flood Notification (if applicable, signed by Applicant or certified date mailed to Applicant) (Copy)
- 32. Grant/Down payment assistance approval letters
- 33. Original Certificate of Title or Original Manufactured Certificate of Origin (Mobile/Manufactured Homes)
- 34. FHA 203(h) Proof of permanent residence (if applicable)
- 35. FHA 203(h) Proof of destruction of residence (if applicable)

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" and the Dodd-Frank Act; (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 and affidavits required to be originals or with original signature were obtained.

Originating Agent Authorized Signature

Print Name and Title

Date

Phone No. (____) _____

Fax No. (____) _____

Email address _____

Loan Originator Name

Loan Originator Email