

**ORIGINATING AGENTS  
GUIDE REVISION 121**

April 4, 2017

**Remove and discard:**

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**EFFECT OF CHANGE**

**Effective with loan applications dated May 1, 2017** there will be a change in the fees Originating Agents may charge.

- Discount Points of .25% will no longer be allowed.
- The allowable application fee will be changed from “up to \$600” to “within the normal and customary limits”.
- The origination fee of up to 2% of the Base Loan Amount will remain in effect.



Single Family General Information..... 615-815-2100  
Toll-Free Voice Mail..... 1-800-228-8432  
Fax (24 hours a day, 7 days a week) ..... 615-564-2881

<u>Staff</u>	<u>Telephone</u>	<u>Email Address</u>
Lindsay Hall, Chief Administrative Officer of Single Family Programs	615-815-2080	lhall@thda.org
Rhonda Ronnow, Director of Loan Operations	615-815-2111	rronnow@thda.org
Nancy Herndon, Assistant to Director of Loan Operations	615-815-2101	nherndon@thda.org
Rhonda Ellis, Mortgage Loan Specialist, Processing	615-815-2103	rellis@thda.org
Terry Benier, Mortgage Loan Specialist, MCC Program	615-815-2048	tbenier@thda.org
Langston Glass, Program Development Coordinator	615-815-2101	lglass@thda.org
Pam Norris, Underwriter	615-815-2087	pnorris@thda.org
Tammy Walker, Underwriter	615-815-2091	twalker@thda.org
Lynne Walls, Underwriter	615-815-2089	lwalls@thda.org
Sandy Kist, Underwriter	615-815-2092	skist@thda.org
Chuck Pickering, Closing Manager	615-815-2086	cpickering@thda.org
Caroline Rhodes, Mortgage Loan Specialist, Closing	615-815-2098	crhodes@thda.org
Debbie Couch, Mortgage Loan Specialist, Closing	615-815-2096	dcouch@thda.org
Nick Lee, Mortgage Loan Specialist, Closing	615-815-2083	nlee@thda.org
Justin Hodge, Mortgage Loan Specialist, Closing	615-815-2084	jhodge@thda.org
Jayna Johnson, Homebuyer Education Manager	615-815-2019	jjohnson@thda.org
Donna Neal, Homebuyer Education Coordinator	615-815-2085	dneal@thda.org
Debbie Reeves, Real Estate Industry Advisor	626-815-2152	dreeves@thda.org
Darrell Robertson, Mortgage Industry Advisor	615-815-2077	drobertson@thda.org
Toumie Stacy, Customer Account Manager	615-815-2122	tstacy@thda.org

## 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%.

<b>Maximum Household Income</b>	Varies by county
<b>Maximum Acquisition Cost (Including all incidentals)</b>	Varies by county
<b>Maximum LTV</b>	Subject to FHA, VA, and USDA/RD Guidelines. Conventional Loans 78% LTV or less.
<b>Interest Rate</b>	<b>4.625%</b> fixed rate, subject to change
<b>Loan Term</b>	30 years
<b>Loan Types</b>	FHA, VA, USDA/RD, Conventional
<b>Mortgage Insurance or Guarantee</b>	As required by loan type
<b>Buydowns</b>	Not allowed
<b>Assumable</b>	Subject to qualifying
<b>Pre-Payment Penalty</b>	No penalty
<b>Subject to Recapture</b>	Yes
<b>Required Reserve</b>	As required by loan type
<b>Minimum Investment</b>	As required by loan type
<b>Closing Costs</b>	May come from borrower, seller, a gift, or as required by loan type
<b>Down Payment</b>	As required by loan type
<b>First Time Homebuyer Rule</b>	Borrower must not have an interest in their primary residence within 36 months of application <b>unless</b> 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.)
<b>Homebuyer Education</b>	Not required
<b>Origination Fee</b>	Up to 2% maximum

2. Normal and Customary Fees – including, without limitations, appropriate application fee. Either Applicant or Seller may pay fees.
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.

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## 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.

### **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**

Only the authorized Origination Fee may be charged.

### **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](http://www.irs.gov).

2. Origination Fee

A fee up to 2% of the Base Loan Amount is permissible, and is paid to the Originating Agent. The origination fee may not be charged on financed FHA MIP, VA Guaranty Fee, USDA/RD Guaranty Fee or PMI, unless expressly permitted by FHA, VA, USDA/RD or PMI regulations. Either the Borrower or the seller may pay the Origination Fee up to 2%. No additional origination fee may be charged to the Borrower or seller.

A loan originator may designate an origination point on page 2 of the CD.

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.

4. A \$50 grant will be provided to the borrower for the Great Choice Plus program. The credit should be reflected on the GFE. THDA will reimburse the lender at the time the loan is purchased.

### **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.

## 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 (n/a if MERS documents submitted), Title Insurance Policy, final

inspections and insuring or guarantee certificate within 120 days of closing, on all THDA loans.

THDA may grant one extension, for a period not to exceed thirty (30) calendar days, to the delivery deadline to allow for additional efforts to resolve the problems. THDA may consider additional extensions. Any additional extensions must be approved by THDA, in THDA's sole discretion.

THDA may decide to complete a file without all final corrections being received. In those cases, the Originating Agent would receive notification from THDA of the correction(s) to be made and the Originating Agent will be responsible for completion of the file.

3. Servicing Package Deadline

Promptly after closing, required documentation must be delivered to the THDA Servicer indicated on the Commitment.

### **8.3 FAILURE TO MEET DELIVERY DEADLINES**

Any loan closing file remaining incomplete on the 151<sup>st</sup> day following closing, regardless of extension status and/or file documentation status, will result in THDA issuing a demand for repurchase, along with repurchase instructions and deadline, without any further notice to the Originating Agent, unless a further extension was granted by THDA. If the loan has not yet been purchased by THDA, it will immediately become ineligible for purchase on the 151<sup>st</sup> day following closing, unless a further extension was granted by THDA. Loans declared ineligible for purchase by THDA, including Great Choice Plus loans and/or loans repurchased from THDA, are not eligible for subsequent purchase by THDA.

THDA may require Originating Agents who submit loans closed by the Purchase Method and do not comply with delivery deadlines to submit all final documents before their loans will be eligible for purchase by THDA.

Originating Agents who consistently fail to meet delivery deadlines will be suspended from new loan originating until such time that the delinquent loan closings are completed.

### **8.4 REQUIRED DOCUMENTS FOR A COMPLETE CLOSED LOAN FILE**

**A. Closed Loan Submission Checklist**

A completed THDA Closed Loan Submission Checklist must be used as the cover sheet when submitting closed loan files to THDA. See Section 9 for detailed instructions.

**B. Request for Loan Purchase with Acknowledgement and Certification**

For loans closed by the Purchase Method, execute this form and enclose in the order indicated on the Closed Loan Submission form. See Section 9 for detailed instructions.



**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).

Great Choice Loan Allowable Fees

I. Great Choice Loan:

A loan originator may designate an origination point on page 2 of the CD. THDA allows up to 2% origination points for all Great Choice loans.

Please note that 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.

II. Great Choice Plus Loan:

THDA only allows customary recording fees. THDA does not allow Lender title policy on the Great Choice Plus loan. THDA Great Choice Plus loans are exempt from state stamp taxes. HUD-1 will be used to disclose recording fee and \$50 grant from THDA.

**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.