

Ralph M. Perrey, Executive Director



**NEW START PROGRAM GUIDE
REVISION 25**

March 1, 2019

Remove and discard:

Replace with enclosed:

Pages 29-42.....Pages 29-42 (Revised 03/15/19)

New Start Underwriting Submission Checklist
Form HO-0495 (Revised 8/15)Form HO-0495 (Revised 3/19)

New Start Closed Loan Submission Checklist
Form HO-0496 (Revised 8/15)Form HO-0496 (Revised 3/19)

EFFECT OF CHANGE

Effective March 15, 2019, all New Start loans will be serviced by Volunteer Mortgage Loan Servicing.

The following changes apply to the new servicing process.

- The submission of one closing package uploaded to THDA, original note overnighted.
- Initial escrows for the setup of the escrow account will be netted from the purchase of the loan.
- No tax service fee will be collected.

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

Program Partner Number: _____ Primary Applicant: _____
 Program Partner Name: _____ Property Address: _____
 Program Partner Address: _____

Submission Purpose: Program Type: Loan Type: Property Type:

Initial Submission Tier I Conventional Single Family Detached Zero Lot Line
 Supplemental documents Tier II Manufactured Home Townhome
 Updated documents Condominium

ASSEMBLE PACKAGE IN ORDER LISTED BELOW AND UPLOAD TO THELMA LOAN PORTAL

THDA PROGRAM ELIGIBILITY

- | | |
|--|--|
| <input type="checkbox"/> 1. Buyer Profile

<input type="checkbox"/> 2a. Original Application Affidavit(s) (notarized) including non-qualifying spouse

<input type="checkbox"/> 2b. Original Veteran Exemption Application Affidavit (if applicable) (notarized) including spouse

<input type="checkbox"/> 3. Original Seller Affidavit (notarized) | <input type="checkbox"/> 4. Signed and Dated Tax Returns with all schedules and W-2s for the most recent tax year including non-qualifying spouse

<input type="checkbox"/> 5. IRS Non-Filing Confirmation for most recent tax year including non-qualifying spouse

<input type="checkbox"/> 6. Notice to Applicants Federal Recapture Requirements (signed copy)
<input type="checkbox"/> 7. Homebuyer Education Certification (Post Purchase and Pre-Purchase) |
|--|--|

CREDIT PACKAGE

- | | |
|--|---|
| <input type="checkbox"/> 8. Typed Transmittal Summary (1008) signed by underwriter

<input type="checkbox"/> 9. Final Loan Application (Typed URLA) 1003 (3 year residency should be stated)

<input type="checkbox"/> 10. Initial Interviewer's Signed Loan Application 1003 (3 year residency should be stated)

<input type="checkbox"/> 11. Evidence of U.S. Citizen or Permanent Resident Alien

<input type="checkbox"/> 12. Credit Report, 3 alternative trade lines if applicable

<input type="checkbox"/> 13. Credit Explanation Letter(s)

<input type="checkbox"/> 14. Final Divorce Decree/Marital Dissolution (if applicable)

<input type="checkbox"/> 15. Verification of Child Support

<input type="checkbox"/> 16. Verification of SSI or Other Assistance

<input type="checkbox"/> 17. Verifications of Employment (verbal is unacceptable)

<input type="checkbox"/> 18. Most Recent Pay Stub (within past 30 days)

<input type="checkbox"/> 19. Verifications of Prior Employment (telephone verification is acceptable) | <input type="checkbox"/> 20. Initial Loan Estimate

<input type="checkbox"/> 21. Two Most Recent Bank Statements, as listed on 1003

<input type="checkbox"/> 22. Gift Letter

<input type="checkbox"/> 23. Sales Contract and Addendum (copy)

<input type="checkbox"/> 24. Appraisal Report (URAR)

<input type="checkbox"/> 25. Original Final Inspection with Photos of Subject Property (front, rear, street)

<input type="checkbox"/> 26. Flood Notification (if applicable, signed by Applicant or certified date mail to Applicant) (Copy)

<input type="checkbox"/> 27. Copies of subordinate liens, notes, and deed of trust

<input type="checkbox"/> 28. Grant/Downpayment assistance approval letters

<input type="checkbox"/> 29. VA Form DD-214 or VA Form DD-4 (for Veteran Exception only)

<input type="checkbox"/> 30. New Start Details of Purchase |
|--|---|

THDA RESERVES THE RIGHT TO REQUEST ADDITIONAL DOCUMENTATION TO EVALUATE THIS LOAN APPLICATION.

The undersigned, an authorized representative of the Program Partner 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 disclosures required under applicable federal and/or state law have been made; (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.

 Program Partner Authorized Signature Print Name and Title Date

Phone No. (_____) _____ Fax No. (_____) _____ Email address _____

**Tennessee Housing Development Agency (THDA)
New Start Closed Loan Submission Checklist**

Program Partner: _____
 THDA Loan #: _____
 Primary Borrower: _____
 Date Loan Closed: _____
 Date to THDA: _____

CLOSING AGENT INFO:

Agent's Name: _____
 Phone Number: _____
 Email Address: _____

In each space, enter a "✓" or "X" (item enclosed), or "TF" (to follow), or "NA" (not applicable). Assemble package in order listed. All items except those with an asterisk must be in package at initial delivery (which must be within 10 days of the date loan closed). All items must be complete, fully executed, dated and notarized, if required, all as indicated in each document and the Originating Agents' Guide.

- ____ Request For Loan Purchase with Acknowledgement and Certification.
- ____ Initial Escrow Account Disclosure
- ____ Original Note, endorsed to THDA. Upload within 24 hours.
- ____ Recorded Deed of Trust, Riders (including condominium rider) and Affidavit of Affixation, if applicable
 - ____ Copy of unrecorded with closing package
- ____ Recorded Assignment from Program Partner to THDA.
- ____ Title Insurance Policy with THDA named as insured, **OR**
 - ____ Title Insurance Commitment
- ____ Copy of executed Warranty Deed. (Copy of recorded Warranty Deed not required.)
- ____ Final Signed Closing Disclosure
- ____ Copy of Hazard Insurance policy declarations page or Certificate of Insurance with THDA as named insured.
- ____ Copy of Standard Flood Hazard Determination, life of loan certification to be in THDA's name
- ____ Copy of Flood Insurance Application with THDA as named insured and copy of premium check (if applicable).
- ____ Address Certification (if applicable)
- ____ Name Affidavit (if applicable)
- ____ THDA Commitment conditions satisfied.
- ____ Copy of signed Note and Deed of Trust for all subordinate liens.
- ____ IRS Form 4506T
- ____ Final executed 1003
- ____ Other: _____
- ____ Hello/Goodbye letter – Notice of Transfer of Servicing

HOMEOWNER'S ASSOCIATION INFO (if applicable)

HOA Name: _____ Amount Due: \$ _____
 Address: _____ Frequency: Monthly
 _____ Quarterly
 Contact Name: _____ Annually
 Contact Email: _____
 Phone #: _____

SECTION 7: CLOSING A NEW START LOAN

7.1 SETTLEMENT AGENT

All New Start Loans must be closed in compliance with the Commitment and this Program Guide by a Settlement Agent who is an independent, third-party attorney or a title company.

7.2 LOAN COMMITMENT

The terms of a closed New Start Loan must match the Commitment and all Commitment conditions must be satisfied. THDA may not purchase any closed New Start Loan determined by THDA to be ineligible due to the terms of the closing, closing documentation or failure to receive a loan commitment or comply with closing conditions, or any other closing related problem or error. **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 must be used, including any applicable riders. A non-qualifying spouse must sign the Deed of Trust:

1. FNMA/FHLMC Multi-State Conventional Note (Tennessee)
2. FNMA/FHLMC Multi-State Conventional Deed of Trust (Tennessee)

All contracts for home loans made by a nonprofit lender with zero (0%) interest rate or low interest rate must contain the following restrictive covenant which must be prominently displayed on the face of each mortgage or deed of trust:

THIS INSTRUMENT SECURES A ZERO INTEREST OR LOW INTEREST RATE LOAN AS DEFINED UNDER TENNESSEE CODE ANNOTATED SECTION 66-4__ AND IS SUBJECT TO THE RESTRICTIONS THEREIN.

IT CANNOT BE REFINANCED, REPLACED OR CONSOLIDATED WITHOUT THE PRIOR WRITTEN APPROVAL OF THE LOCAL BOARD OF DIRECTORS OF THE NONPROFIT LENDER THAT FINANCED THE LOAN SO LONG AS THIS INITIAL ZERO (0%) INTEREST OR LOW INTEREST RATE LOAN IS IN EXISTENCE.

3. THDA Rider
4. Condominium or PUD Rider (if applicable)
5. Copies of all subordinate financing deeds of trust and notes.

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 permitted.

C. Late Charges

Late charges are permitted only in compliance with the applicable conventional guidelines (5%). If the charge exceeds the allowable rate, the note will be returned for correction and signature by Applicant(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.
2. THDA must be a “named insured”. Use the following language:
(Name of Program Partner), and/or Tennessee Housing Development Agency.
OR
(Name of Program Partner), *its successors and/or assigns*.
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.

B. Warranty Deed

The Warranty Deed must convey the Property to the Applicant(s) indicated on the Commitment only. Substituted or additional grantees on the Warranty Deed will void the Commitment.

C. Hazard Insurance

Hazard insurance coverage must be issued in the name(s) of the titled property owner(s). The insurance company issuing the hazard insurance policy must be licensed by the State of Tennessee, and have a current financial rating by Best’s Insurance Reports of class IV or better.

The policy must insure against loss due to fire and other hazards covered by the standard extended coverage endorsement on a replacement cost basis. The Applicant may elect to include additional coverages, such as liability and earthquake insurance, and special policy riders.

The minimum acceptable amount of hazard insurance coverage is the appraised value less the site value, as provided in the appraisal, or an amount sufficient to replace the structure as determined by THDA or the combined balances of all outstanding mortgages.

The maximum allowable deductible is the higher of \$1,000 or 1% of the face amount of the policy. The deductible clause may apply to either fire, extended coverage, or both. When a policy provides for a separate wind-loss deductible (either in the policy itself or in a separate endorsement), that deductible may be the higher of \$2,000 or 2% of the face amount of the policy.

Minimum initial term is one year.

THDA must be named as mortgagee in the original policy or in an endorsement. Use the following language:

Tennessee Housing Development Agency
C/O *(Program Partner)*, Loan # _____
(Servicer’s mailing address)
(Servicer’s city, state, zip)

Coverage must be in force on or before the day of closing.

An original insurance policy or Certificate of Insurance is required. An insurance binder, a memorandum of insurance or a premium bill is not acceptable. The Program Partner must retain the original policy or certificate for the New Start Loans it is servicing. Promptly after closing, Program Partner must submit a copy of the declarations page to THDA with the closed loan package.

Policies are not acceptable if, under the terms of the carrier's charter, by-laws or policy, contributions or assessments may be made against the Applicant, THDA or THDA's designee; or if by the terms of the carrier's charter, by-laws or policy, loss payment is contingent upon action by the carrier's Board of Directors, policyholders or members; or the policy includes any limiting clauses (other than insurance conditions) which could prevent THDA or Applicant from collecting insurance proceeds.

D. Flood Insurance

Flood insurance is mandatory for all New Start Loans with improvements located in Flood Zone A, without exception. A copy of FEMA Form 81-93 Standard Flood Hazard Determination must be included with the closed loan package when submitted to THDA. The Flood Certification MUST state it is for the life of the New Start Loan. If part of the Property is located in Flood Zone A, but all of the improvements are outside Flood Zone A, flood insurance is not required.

To waive the flood insurance requirement, a loan survey is required and must indicate the boundary of Flood Zone A and show that all improvements included in the appraised value are outside of Flood Zone A.

The amount of coverage must equal the total amount of the New Start Loan approved by THDA up to the maximum amount available through the National Flood Insurance Program.

The same mortgagee clause and mailing address previously indicated under "Hazard Insurance" must be used.

A copy of the flood insurance application and a copy of the check for the first year's premium must be enclosed with the closing package shipped to THDA.

The maximum allowable deductible is the higher of \$1,000 or 1% of the face amount of the policy.

E. Escrow for Completion of Construction

Escrows for completion should only be for landscaping only that is delayed due to wet weather.

Submit the proposed escrow agreement to THDA prior to closing. At a minimum, the escrow agreement must state what the escrow is for, the dollar amount to be escrowed (150% of the cost to complete construction), and the completion date which may not exceed 60 days.

All work must be completed and a final inspection with photos delivered to THDA by no later than 60 days after closing.

An escrow agreement acceptable to THDA for completion of construction must be used. The Program Partner must hold and disburse the escrow funds in accordance with the Escrow Agreement.

F. The Final Closing Disclosure

The Closed Loan Submission Package must include the Closing Disclosure (CD). If the borrower(s) is taking out two loans to finance the purchase, each loan must have a separate CD.

7.5 OTHER REQUIREMENTS

A. Close In The Name Of

All New Start Loans must be closed in the name of the Program Partner noted on the Commitment and must be assigned to THDA.

B. Qualifying Spouse

Applications involving married Applicants require that both spouses, with the exception of the Veteran exemption, meet the first-time homebuyer eligibility, except in Targeted Areas.

A non-qualifying spouse must sign the deed of trust and the THDA Rider.

C. Rescission

THDA cannot fund or purchase a loan that is closed with a Three-day Right of Rescission.

D. Net Funds “To Applicant”

An Applicant cannot receive any funds from the closing that exceed amounts that they paid in advance from their personal funds for earnest money, appraisal fees and credit report fees. If a grant from an entity other than THDA is included in the transaction, coordinate this subject with the grant provider.

E. Affidavit of Affixation (Manufactured Home)

An Affidavit of Affixation is required on all manufactured home loans and must be recorded with the Deed of Trust. THDA’s Affidavit of Affixation Form HO-0453 is to be used unless the Settlement Agent uses an Affidavit of Affixation that meets the statutory requirement of TCA Section 55-3-138.

7.6 CLOSING COSTS

Closing Costs and Fees a THDA Applicant May Pay

1. The Applicant may pay any and all reasonable and customary fees and costs normally charged in the market place. If THDA, in its sole discretion, determines that the Applicant has been charged a fee that is exorbitant or not customarily charged in the market place, the Program Partner will be required to refund these fees to the Applicant.
2. Origination Fee
A maximum fee equal to 1% of the THDA Loan Amount is permitted, and is paid to the Program Partner. No origination fee may be charged on any subordinate financing.
3. Discount Points
Not allowed on THDA’s first mortgage or subordinate financing.
4. Subordinate Financing
The only allowable fees that may be charged on subordinate mortgages are recording fees and a document preparation fee for the Deed of Trust.

SECTION 8: SHIPPING A CLOSED NEW START LOAN

8.1 OVERVIEW

A. Program Partner Obligations

Program Partner must conform to strict timetables when shipping a closed loan file to THDA. The THDA Closed Loan Submission Checklist lists the documents that must be provided to THDA with each closed loan file.

Upon receipt of the closed loan file from the Settlement Agent, Program Partner must:

1. Audit all documents for accuracy,
2. Immediately secure any necessary corrections,
3. Comply with THDA delivery deadlines.

B. Shipping Address

When delivering original notes, specify “Single Family Programs Division, Closing Department, 502 Deaderick Street, Nashville TN 37243”.

8.2 DELIVERY DEADLINES

Delivery of all closed loan files must conform to the following deadlines:

1. 24 Hour Deadline

Upload a copy of all executed Notes to THDA’s loan portal

2. 10 Day Deadline

THDA must receive the THDA Closed Loan Transmittal, the original Note, and all other required initial submission documentation within ten (10) calendar days following closing. Original notes will be delivered to THDA, all other documents will be uploaded to THDA’s loan portal.

3. 120 Day Deadline

THDA must receive all necessary documentation, including the recorded Deed of Trust, Assignment, Title Insurance Policy, and final inspections within 120 days of closing. Failure to meet this deadline may result in a demand for loan repurchase.

Program Partner will receive notification of correction(s) to be made and Program Partner remains obligated to complete the file in a timely manner.

8.3 FAILURE TO MEET DELIVERY DEADLINES

THDA may demand repurchase of any loan closing file that is incomplete on the 121st day. THDA's demand will include repurchase instructions and the repurchase deadline. New Start Loans not previously purchased by THDA may not be purchased if, on the 121st day following closing, the loan closing file is incomplete.

THDA may require Program Partners who submit New Start Loans that do not comply with delivery deadlines to submit all final documents before any New Start Loans will be eligible for purchase by THDA.

Program Partners who consistently fail to meet delivery deadlines may be suspended from originating New Start Loans, at THDA's sole discretion, until all delinquent loan files are completed.

8.4 REQUIRED DOCUMENTS FOR A COMPLETE CLOSED LOAN FILE

A. New Start Closed Loan Submission Checklist

A completed THDA New Start Closed Loan Submission Checklist must be used as the cover sheet when submitting closed loan files to THDA. See Section 10 for detailed instructions.

B. Request for Loan Purchase with Acknowledgement and Certification

Execute this form and enclose in the order indicated on the Closed Loan Submission form. See Section 10 for detailed instructions.

When THDA elects to purchase a New Start Loan, the purchase will be by wire transfer. A New Start Loan is eligible for purchase when the initial closed loan package, which must include the following documents, has been received by and is satisfactory to THDA:

- Original Note
- Copy of executed Deed of Trust with THDA Rider
- Title Insurance Commitment
- Copy of executed Warranty Deed
- Declaration page of Hazard Insurance
- Closing Disclosure

C. Original Note

Deliver the original Note, endorsed to THDA by an authorized Program Partner staff member, to THDA within 10 days after loan closing.

D. Deed of Trust

Upload a copy of the recorded Deed of Trust and Rider(s), or a copy (before recording) of the fully executed Deed of Trust and Rider(s) which have been certified as a true and exact copy by the Settlement Agent or an authorized Program Partner staff member.

All contracts for home loans made by a nonprofit lender with zero (0%) interest rate or low interest rate must contain the following restrictive covenant which must be prominently displayed on the face of each mortgage or deed of trust:

THIS INSTRUMENT SECURES A ZERO INTEREST OR LOW INTEREST RATE LOAN AS DEFINED UNDER TENNESSEE CODE ANNOTATED SECTION 66-4__ AND IS SUBJECT TO THE RESTRICTIONS THEREIN.

IT CANNOT BE REFINANCED, REPLACED OR CONSOLIDATED WITHOUT THE PRIOR WRITTEN APPROVAL OF THE LOCAL BOARD OF DIRECTORS OF THE NONPROFIT LENDER THAT FINANCED THE LOAN SO LONG AS THIS INITIAL ZERO (0%) INTEREST OR LOW INTEREST RATE LOAN IS IN EXISTENCE.

E. Affidavit of Affixation (Manufactured Home)

Enclose the original, fully executed and recorded Affidavit of Affixation.

F. Assignment

Upload a copy of the recorded Assignment, or a copy (before recording) of the fully executed Assignment which has been certified as a true and exact copy by an authorized Program Partner staff member.

THDA must receive a copy of the recorded Assignment on or before the 120 Day Deadline. The recorded Assignment must indicate the correct book and page reference for the recorded Deed of Trust and any subsequent re-recordings. The Title Insurance Policy or an endorsement must reflect the recording and any subsequent re-recordings of the Assignment.

G. Title Insurance Policy/Endorsements

Upload a copy of the Title Insurance Policy and all required endorsements. The Title Insurance Policy must be received by THDA on or before the 120 Day Deadline.

H. Warranty Deed

Upload a copy (before recording) of the fully executed Warranty Deed that conveys the Property to the Borrower. A copy of the recorded Warranty Deed may be provided, but is not required. In cases where only one spouse is the Borrower, that spouse must be the only grantee in the Warranty Deed.

I. Closing Disclosure

Enclose all pages of the final Closing Disclosure, signed by the borrower.

J. 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.

K. Flood Insurance (when applicable)

See Section 7.4.D.

L. Commitment Conditions

Enclose any additional documents needed to satisfy, at closing conditions specified in the Commitment.

8.5 LOAN REPURCHASE

A. Repurchase Obligation

THDA, in its sole discretion, may refuse to purchase any New Start Loan and may require a Program Partner to repurchase any New Start Loan when any of the following exist:

1. Commitment conditions are not satisfied; or
2. The closed New Start Loan does not match all elements of the Commitment; or
3. The Program Partner fails to deliver closed loan documentation to THDA within specified deadlines; or
4. Any material fact discovered subsequent to the closing causes the New Start Loan to be ineligible for THDA financing.

A Program Partner who fails to repurchase New Start Loans upon demand may be suspended from submitting new loan applications to THDA, and THDA may pursue other remedies.

B. Repurchase Price

The amount necessary to repurchase a New Start Loan is:

1. The sum of the outstanding principal and interest, and
2. Monthly escrow adjustment.
3. Additional fees as applicable.

C. Repurchase Procedure

When THDA demands repurchase of a New Start Loan, the following procedures apply:

1. THDA will provide instructions for obtaining the repurchase price from the New Start servicer and specify a deadline.

2. The Program Partner must prepare an Assignment from THDA to the Program Partner and submit it to THDA for execution.
3. The Program Partner must wire the required repurchase price to the New Start servicer according to instructions provided by THDA.
4. Upon receipt of the repurchase price, THDA will sign and notarize the Assignment and return it to the Program Partner with the loan file.

New Start Loans declared ineligible for purchase by THDA and New Start Loans repurchased from THDA are not eligible for subsequent purchase by THDA.

8.6 SERVICING PROCEDURES

All loans shall be sold servicing-released to THDA dba Volunteer Mortgage Loan Servicing (VMLS). VMLS servicing effective date is the THDA purchase date.

A. Tax and Insurance Escrow

The initial Escrow Account Disclosure statement must be completed accurately to be sure sufficient funds are collected at closing. The initial escrow funds will be deducted from the purchase of the loan.

B. Volunteer Mortgage Loan Servicing Directory

VMLS staff is available to answer any question Monday-Friday, 8am-5pm CST.

VMLS Customer Service: 844-865-7378

ADDRESSES:

Physical Address:

Volunteer Mortgage Loan Servicing
404 James Robertson Pkwy, Suite 1450
Nashville, TN 37219-1536

Payment Address:

Volunteer Mortgage Loan Servicing
PO Box 305170
Nashville, TN 37230-5170

Email Address:

custserv@volservicing.com

Primary Escalation Contacts for VMLS

Assistant Director: Trebia Johns

(615)649-3424

tjohns@volservicing.com

Sr. Loan Servicing Advisory: Heather Johnson

(615)649-3420

hjohnson@volservicing.com

Investor Reporting & Escrow Manager: Paul Hildebrand

(615) 649-3433

phildebrand@volservicing.com

Collection Manager: Gary Goad

(615)649-3429

ggoad@volservicing.com

C. Payments Received After Purchase

In the event the Originating Agent receives a mortgage payment **AFTER** THDA purchases the loan, the payment is to be sent to VMLS immediately.

1. Email payments@volservicing.com indicating the amount received, the date received, and method for transferring the payment in full to VMLS.
2. Payment can be mailed to the VMLS Physical Address:
Volunteer Mortgage Loan Servicing
404 James Robertson Pkwy, Ste 1450
Nashville, TN 37219-1536
3. Or, payment can be wired with a confirmation email sent to payments@volservicing.com.

D. Payments Received Prior to Purchase

If a payment is received **PRIOR** to THDA Purchase, the Originating Agent is to notify VMLS immediately but retain the payment until THDA purchases the loan.

Email payments@volservicing.com indicating the amount received and the date received.

SECTION 9: ASSUMPTIONS OF NEW START LOANS

9.1 OVERVIEW

During the term of a New Start loan, only one assumption may take place per property within 10 years of the original note date. The loan must be current at the time of assumption application.

In the event a New Start Borrower needs to vacate the property because they are not able to financially sustain the home, the New Start Partner may use one of the following options:

1. The New Start Partner can work with the existing New Start homeowner to facilitate the sale of the property from the seller to a new eligible New Start Borrower.
2. In the event a New Start borrower needs to vacate the property **due to circumstances other than foreclosure**, to the extent permissible under any secondary financing documentation, the Program Partner may continue to pay THDA on behalf of the borrower, for a period not to exceed 6 months from the date the homeowner has signed the **Intent to Allow an Assumption Disclosure** by which time a subsequent eligible borrower must be approved by THDA for an assumption of the original note. During the term of a New Start loan only one assumption may take place per property within 10 years of the original note date. If an assumption of the original note is not completed and closed by the end of the six month period the New Start Program Partner must repurchase the New Start loan.

9.2 SUBMISSION OF ASSUMPTIONS

The New Start Partner will submit to THDA a copy of the sales contract.

THDA will process all assumption applications.

SECTION 10: NEW START FORMS AND INSTRUCTIONS

10.1 OVERVIEW

As a result of Tax Code requirements, THDA must require certain forms. Application files or closed loan packages that do not contain fully executed THDA forms, as required, will not be accepted by THDA. These forms must be included in THDA application files and in THDA closed loan packages as indicated in this Program Guide. THDA forms are in addition to the typical forms utilized in the mortgage industry.

THDA forms may not be altered.

THDA forms may not be distributed to any entity who is not a Program Partner or to any other unauthorized individual or entity.

Detailed instructions for completion of each THDA form follows in the order that they are typically encountered in the lending process:

Application Affidavit HO-0450 (03/11)

Veteran Exemption Application Affidavit HO-0460 (02/07)(if applicable)

Notice to Applicants Federal Recapture Requirements HO-0448 (09/99)

Seller Affidavit HO-0451 (09/99)

Buyer Profile HO-0439 (02/15)

New Start Underwriting Submission Checklist HO-0495 (03/19)

New Start Details of Purchase HO-0497 (08/15)

THDA Rider HO-0440 (08/03)

Affidavit of Affixation HO-0453 (12/06)

New Start Closed Loan Submission Checklist HO-0496 (03/19)

Request For Loan Purchase with Acknowledgement and Certification HO-0444 (10/14)

Intent to Allow an Assumption Disclosure HO-0494 (08/15)

10.2 NEW START FORMS AND INSTRUCTIONS

A. Application Affidavit HO-0450 (03/11) THDA

Veteran Exemption Application Affidavit HO-0460 (02/07) THDA (If Applicable)

The Application Affidavit or Veteran Exemption Application Affidavit (if applicable) must be executed by each applicant and non-qualifying spouse. The household income figure to be provided in item #3 is the maximum allowable income for the size of the applicant's household and location of property. The acquisition cost figure to be provided in item #4 is the maximum THDA acquisition cost for the county in which the property is located. The original Application Affidavit or Veteran Exemption Application Affidavit is required by THDA. All changes or whiteouts must be initialed by the Applicant(s).

Each Application Affidavit or Veteran Exemption Application Affidavit must be executed and notarized within the State of Tennessee; however, in rare circumstances, an Application Affidavit or Veteran Exemption Application Affidavit may be executed and notarized outside the State of Tennessee, such as when a person is a member of the armed forces, is stationed outside the state and is unable to be present while the application is being processed.

B. Notice To Applicants Federal Recapture Requirements HO-0448 (09/99) THDA

This form is mandatory for all New Start Loan applications. The Applicant and all Co-Applicants must sign and date the form at the time of application. Provide a copy of the executed form to the Applicant. Enclose the original signed and dated form in the application file when submitted for THDA underwriting.

C. Seller Affidavit HO-0451 (09/99) THDA

The seller of the Property must complete a Seller Affidavit for each New Start Loan application file submitted to THDA. The seller must sign and date the Seller Affidavit, and it must be notarized. Enclose the original Seller Affidavit in the application file when submitting for THDA underwriting.

D. Buyer Profile HO-0439 (02/15) THDA

This form is critical to facilitate accurate reports by THDA. Complete this form accurately and completely and enclose it in the application file when submitted for THDA underwriting.

E. New Start Underwriting Submission Checklist HO-0495 (03/19) THDA

Use this form as a cover sheet for all New Start Loan application files submitted to THDA.

Follow the checklist closely and complete all information.

The checklist has three main sections:

1. General Information.
2. THDA Program Eligibility. Must include original documents, notarized as indicated.
3. Credit Package. Must include documentation, as indicated.

Program Partner Information: Provide complete information, including the Program Partner's four-digit number as assigned by THDA.

Primary Applicant: Include primary Applicant's name as it will appear on all documents.

Property Address: Must be accurate and consistent on all documents.

Submission Purpose: As indicated, this form may be used for purposes in addition to the initial submission of an application file.

Property Type: Indicate the correct property type. Check the appropriate block to indicate a residence that is a single family detached or a condominium. Check "Other" and indicate in the blank provided if the residence is a PUD, townhouse, zero lot line, modular or manufactured home.

F. New Start Details of Purchase HO-0497 (08/15) THDA

This form is used to determine the number and dollar amount of all subordinate financing and whether amortizing or forgivable subordinate liens.

G. THDA Rider HO-0440 (08/03) THDA

The THDA Rider must be completed, executed, attached to and recorded with the deed of trust for all New Start Loans. The THDA Rider must be signed by all Applicants who are required to sign the first deed of trust and recorded with the deed of trust.

H. Affidavit of Affixation HO-0453 (12/06)

An original Affidavit of Affixation is required on all manufactured home loans and must be recorded with the Deed of Trust.

I. New Start Closed Loan Submission Checklist HO-0496 (03/19) THDA

Use this form when submitting all closed loan files to THDA. This form can also be used as a checklist for submission of follow-up documentation. If a Homeowner Association is applicable, and association fees are to be escrowed, it is the Program Partner's responsibility to provide the information to THDA with the closed loan submission, including company, amount, and frequency of payments due.

J. Request For Loan Purchase With Acknowledgement And Certification HO-0444 (10/14)

Submit an executed Request for Loan Purchase with Acknowledgement and Certification for each New Start Loan when delivered to THDA. By submitting a New Start Loan file to THDA for purchase, each Program Partner is deemed to affirm the Acknowledgement and Certification appearing on the master form of the Request For Loan Purchase with Acknowledgement and Certification with respect to each New Start Loan file submitted regardless of whether the Acknowledgement and Certification is included with the form submitted with a particular New Start Loan file.

Provide all information indicated. Check the appropriate box indicating whether the New Start Loan file is complete in all respects or not. Sign and date where indicated, print name and title, and provide telephone number.

K. Intent to Allow an Assumption Disclosure HO-0494 (08/15)

Use this form when borrower needs to vacate the property for reasons other than foreclosure.