

Ralph M. Perrey, Executive Director



**ORIGINATING AGENTS GUIDE  
REVISION 95**

January 26, 2015

**Remove and discard:**

**Replace with enclosed:**

Page 24 (January 2014).....Page 24 (Revised 02/02/15)  
Page 25 (January 2014).....Page 25 (Revised 02/02/15)

Underwriting Submission Checklist  
*Form HO-0549 (10.14b)*.....*Form HO-0549 (02.15)*

Buyer Profile  
*Form HO-0439 (04.10)*.....*Form HO-0439 (02.15)*

**EFFECT OF CHANGE**

Effective February 2, 2015, THDA will be accepting loans with an LP or DU decision response of **Refer/Eligible** with a **maximum debt ratio of 43%**, a minimum FICO score of 620, and **2 of the 3 following THDA overlays**, documented appropriately.

1. The borrower must have a verified rental history. Verification of rental (VOR) is acceptable if borrower is renting from a commercial management company; or 12 months canceled checks/bank verification if borrower is renting from a private landlord.
2. One month PITI in reserves. This can be a gift; gift funds are verified per the insurer's guidelines.
3. A two year job history with a minimum of 12 months at current employer.

The two forms included with this Revision reflect the changes and should be submitted with loans beginning February 2, 2015.

## SECTION 5: PROCESSING AND CREDIT UNDERWRITING REQUIREMENTS

### **5.1 OVERVIEW**

#### **A. Disclosures**

##### 1. Great Choice

Originating agents are required to provide all disclosures that comply with all federal and state laws and/or regulations. These include, without limitation, signed and dated copies of good faith estimates, Reg. Z or Truth in Lending, Tennessee Residential Property Condition Disclosure and transfer of servicing disclosures.

##### 2. Great Choice Plus

Originating agents will provide all disclosures that comply with all federal and state laws and/or regulations. These include, without limitation, signed and dated copies of a good faith estimate, Reg. Z or Truth in Lending and applicable THDA Great Choice Plus disclosures.

#### **B. Underwriting Guidelines, Debt Ratios, Credit Scores, Compensating Factors**

Eligible applicants must meet credit underwriting standards of the relevant insuring program, as evidenced by the approval of a Direct Endorsement underwriter or the insurer, program accepted, underwriting software, i.e. Loan Prospector (LP), Desktop Underwriter (DU). LP or DU acceptance must also be signed by the Originating Agent underwriter or processor verifying the accuracy of information or data required to receive approval.

All loan submissions with a borrower(s) credit score (middle score or lowest score if only two scores) below 620 will not be eligible for THDA funding. THDA will accept loans with the following decision responses which shall meet the following THDA requirements:

1. Approve/Eligible: Maximum debt ratio of 45% and a minimum credit score of 620.
2. Refer/Eligible - due to "no score" only: Loans must be manually underwritten using non-traditional credit guidelines in accordance with FHA guidelines, maximum debt ratio of 45%.
3. Refer/Eligible: Loans must be manually underwritten, maximum debt ratio of 43%, minimum credit score of 620, and must meet two of the three THDA overlays listed below.
  - The borrower must have a verified rental history. Verification of rental (VOR) is acceptable if borrower is renting from a commercial management company; or 12 months canceled checks/bank verification if borrower is renting from a private landlord.
  - One month PITI in reserves. This can be a gift; gift funds are verified per the insurers guidelines.
  - A two year job history with a minimum of 12 months at current employer.
4. Approve/Ineligible: As it refers to the HUD REO \$100.00 down payment program only, maximum debt ratio of 45% and minimum credit score of 620.

All THDA loan application packages will be required to include a copy of the completed FHA Loan Underwriting and Transmittal Summary or Loan Analysis signed by an authorized program endorsed underwriter of the Originating Agent, or correspondent underwriting agent. (See Section 6.2. K)

Any closed loan subsequently determined to be ineligible for program insurance due to non-compliance with that program's credit underwriting guidelines will be ineligible for THDA funding and subject to repurchase without exception.

#### **C. Homebuyer Education**

Great Choice Plus and Homeownership for the Brave borrowers are required to obtain pre-purchase education and counseling provided by a certified THDA counselor at one of the approved agencies listed on THDA's website at [www.thda.org](http://www.thda.org). This course is an eight hour face to face training session which usually combines a 6-7 hour group class with an hour of individual one-on-one counseling.

## **D. Exception to Face to Face Homebuyer Education Counseling**

THDA allows the use of the eHomeAmerica online product to accommodate borrowers who have unique logistical or physical challenges – or, who have demonstrated through their use of credit that they already have a solid understanding of how to budget and manage their finances.

In order to be eligible for Online Homebuyer Education Counseling, the borrower(s) must meet the following eligibility criteria.

Borrower lives out-of-state and will not be in Tennessee until the date of their closing.

- Borrower lives more than an hour's drive from an approved THDA counseling agency.
- Borrower is physically unable to participate in a classroom setting.
- Borrower has a minimum credit score of 720 and has ratios that do not exceed 29/41.\*

\*Must attach documentation providing borrower credit score and ratios.

### **1. Requesting Approval**

A. Each exception must be pre-approved by THDA.

B. Before requesting approval, the Originating Agent will be responsible for reviewing the Online Homeownership Education Borrower Information Form HBEO-100 with the prospective online education borrower. Form HBEO-100 provides key information, including the following:

- The borrower must pay a fee for using the online product.
- The eHomeAmerica online course will take several hours to complete. The course has test questions at the end of each section.
- The online borrower will be required to participate in at least two telephone sessions with the HBEI agency providing them access to the online product.
  - ▶ The first session is for intake and preparation before taking the online course.
  - ▶ The second telephone conference provides follow-up counseling on the test questions and additional counseling regarding the borrower's budget and their responsibilities as a THDA homeowner.

C. To request approval for online education for a borrower, a THDA Originating Agent must complete and send Online Homeownership Education Request Form HBEO-200 and the Online Homeownership Education Borrower Information Form HBEO-100 which has been executed by the borrower to THDA by fax to 615-564-1229 or email to [HomebuyerEducationInfo@thda.org](mailto:HomebuyerEducationInfo@thda.org).

### **2. Approval and Connection with THDA Counseling Agency**

THDA will review the Originating Agent's submitted Online Homeownership Education Request and, upon approval, assign the borrower to an approved THDA counseling agency to administer the eHomeAmerica online education product. THDA will notify the Originating Agent and the counseling agency of the borrower's approval to participate in the online education program. The borrower is responsible for contacting the counseling agency.

## **E. 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.

## Tennessee Housing Development Agency (THDA) Buyer Profile

THDA Loan # (assigned by THDA) \_\_\_\_\_  
Primary Borrower's Name: \_\_\_\_\_

OA Name: \_\_\_\_\_  
OA Number: \_\_\_\_\_

**LIST INDIVIDUALS' NAMES BELOW:**

Appraiser: \_\_\_\_\_  
Listing Agent: \_\_\_\_\_  
Listing Agent's License #: \_\_\_\_\_  
Originator: \_\_\_\_\_  
OA Underwriter: \_\_\_\_\_

Selling/Buyer's Agent: \_\_\_\_\_  
Selling/Buyer's Agent License #: \_\_\_\_\_  
OA Processor: \_\_\_\_\_  
Builder (if new construction): \_\_\_\_\_

Name of Homebuyer Education Organization, if applicable. \_\_\_\_\_  
Name of Education Trainer and ID #, if applicable. \_\_\_\_\_

**FAMILY CHARACTERISTICS:**

\_\_\_\_\_ Number of Persons Who Will Reside in Household  
\_\_\_\_\_ Race of Primary Borrower:  
                  (1) White   (3) Asian                   (5) Other  
                  (2) Black   (4) American Indian  
\_\_\_\_\_ Hispanic: Yes OR No  
\_\_\_\_\_ Primary Borrower Gender:   (1) Male   (2) Female  
\_\_\_\_\_ Age Of Primary Borrower  
\_\_\_\_\_ Marital Status:   (1) Married   (2) Unmarried   (3) Separated  
\_\_\_\_\_ Number of Dependents (children residing in household)

**CURRENT HOUSING CHARACTERISTICS:**

\_\_\_\_\_ Housing Status  
                  (1) Own Home, OR Own Mobile Home and Lot  
                  (2) Government Assisted Rent (i.e. public housing, HUD or USDA/RD assisted housing)  
                  (3) Rent Apartment/Home/Mobile Home, OR Own Mobile Home and Rent Lot  
                  (4) Lives with Relatives Rent-Free, Displaced by Government Action or Other  
\_\_\_\_\_ Has any applicant owned a home (including a permanently-attached mobile home and lot) within  
the last three years? Yes OR No  
\$ \_\_\_\_\_ Current monthly rent or house payment

**SUBJECT HOUSING CHARACTERISTICS:**

\_\_\_\_\_ Approximate Sq. Feet of Living Area  
\_\_\_\_\_ Year Built  
\_\_\_\_\_ Construction Type:   (1) Single Family Detached   (2) Duplex   (3) Triplex   (4) Condo  
                                  (5) Townhouse   (6) PUD   (7) Zero Lot Line   (8) Modular   (9) Manufactured Home  
\_\_\_\_\_ Building is:   (1) New/Proposed   (2) Existing—(See OA Guide Definitions)  
\$ \_\_\_\_\_ Appraised Value  
\$ \_\_\_\_\_ Down Payment Excluding Grants, Down Payment Assistance

**MARKETING:**

\_\_\_\_\_ Source:           (1) Newspaper                   (2) Radio                   (3) TV                   (4) Builder  
                                  (5) Real Estate Agent           (6) Lender                   (7) Other                   (8) Unknown

**GEOGRAPHY:**

\_\_\_\_\_ County in which the home to be purchased is located.  
\_\_\_\_\_ Is the home to be purchased located in a Targeted County or Census Tract? Yes OR No  
\_\_\_\_\_ Census Tract Number (must be included on each profile)

**MISCELLANEOUS:**

\_\_\_\_\_ Number in Household  
\$ \_\_\_\_\_ Maximum Income Limit for County and Household Size  
\$ \_\_\_\_\_ Total Annual HOUSEHOLD Income  
\$ \_\_\_\_\_ Maximum Acquisition Limit for County, Based on New or Existing  
\$ \_\_\_\_\_ Total Acquisition Cost of this Property  
\$ \_\_\_\_\_ Estimated Monthly Homeowner Insurance  
\$ \_\_\_\_\_ Estimated Monthly Property Taxes  
\_\_\_\_\_ Name of PMI Company; if applicable

**Refer/Eligible Compensating Factors**

- Verified Rental History
- One month PITI in reserves
- Two year job history with minimum 12 months at current employer

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

OA Number: \_\_\_\_\_ Primary Applicant: \_\_\_\_\_  
 OA Name: \_\_\_\_\_ Property Address: \_\_\_\_\_  
 OA Address: \_\_\_\_\_ Applicant's Email \_\_\_\_\_

- |   |   |                                       |   |
|---|---|---------------------------------------|---|
| Program Type:   | DU/LP Recommendation                      | Loan Type:                            | Property Type:                                  |
| <input type="checkbox"/> Great Choice-1 <sup>st</sup> Mortgage      | <input type="checkbox"/> Approve/Eligible | <input type="checkbox"/> FHA          | <input type="checkbox"/> Single Family Detached |
| <input type="checkbox"/> Great Choice Plus-2 <sup>nd</sup> Mortgage | <input type="checkbox"/> Refer/Eligible   | <input type="checkbox"/> VA           | <input type="checkbox"/> Condo                  |
| <input type="checkbox"/> Homeownership for the Brave                | <input type="checkbox"/> Manual No Score  | <input type="checkbox"/> USDA/RD      | <input type="checkbox"/> Manufactured Home      |
|   |   | <input type="checkbox"/> Conventional | <input type="checkbox"/> 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 and Online Homeownership Education Approval and Referral Form HBEO-300 (if applicable)
- 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 #1980-18
- 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 Good Faith Estimate
- 15. Final Loan Application (Typed URLA) 1003 (3 year residency should be stated)
- 16. Initial Interviewer's Signed Loan Application 1003 (3 year residency should be stated)
- 17. Credit Report and credit explanation letters (if applicable)
- 18. Final Divorce Decree/Marital Dissolution (if applicable)
- 19. Verification of Court Ordered Child Support/Parenting Plan
- 20. Verification of SSI or Other Assistance
- 21. Verifications of Employment (verbal is unacceptable)
- 22. Most Recent Pay Stub (within past 30 days)
- 23. Verifications of Prior Employment (telephone verification is acceptable)
- 24. Self-Employment Cash Flow Worksheet, P & L, 2 years Business Tax Returns (corp. or partnership or sole prop.)
- 25. Verification of Deposit OR Borrower's Bank Statements for the previous two months
- 26. Gift Letter
- 27. Sales Contract and Addendum (Copy)
- 28. Appraisal Report (URAR) and Condition Sheet with VC Sheet/USDA-RD Conditions, and executed conditional commitment (928005.b), VA CRV
- 29. Final Inspection and Legible Photos of Subject Property (front, rear, street) and Photos or Photocopies of comparable sales
- 30. Flood Notification (if applicable, signed by Applicant or certified date mailed to Applicant) (Copy)
- 31. Grant/Down payment assistance approval letters
- 32. Original Certificate of Title or Original Manufactured Certificate of Origin (Mobile/Manufactured Homes)
- 33. FHA 203(h) Proof of permanent residence (if applicable)
- 34. 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 \_\_\_\_\_