

Ralph M. Perrey, Executive Director



**ORIGINATING AGENTS GUIDE
REVISION 98**

April 7, 2015

Remove and discard:

Replace with enclosed:

Page 2 (Revised 10/01/14	Page 2 (Revised 04/07/15)
Page 8 (January 2014).....	Page 8 (Revised 04/07/15)
Page 18 (January 2014).....	Page 18 (Revised 04/07/15)

EFFECT OF CHANGE

Effective immediately, eligible applicants of THDA loans must be a U.S. citizen or permanent resident alien.

Also included is an updated Single Family staff contact list.



Originating Agents Guide

JANUARY 2014

Latest Revision: 04/07/15

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

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SECTION 3: QUALIFYING AN APPLICANT TO PARTICIPATE IN THDA LOAN PROGRAMS

3.1 OVERVIEW

Before undertaking the typical underwriting process for a proposed THDA loan, first determine whether the Applicant is eligible to participate in the desired THDA loan program. See Section 1.4 for a description of THDA loan programs. If the Applicant does not meet the basic program requirements described in this Section, do not submit the application file to THDA. If the Applicant does not meet the basic program requirements described in this Section, THDA cannot approve the application.

THDA program eligibility requires the following determinations:

1. Determine whether the property is within the applicable Acquisition Cost Limit. See Section 3.2.
2. Determine whether the Applicant's Household Income is within the applicable Income Limits. See Section 3.3 for information about defining and calculating Household Income.
3. Determine whether the Applicant meets the Residence Requirement. See Section 3.4.
4. Determine whether the Applicant meets the Three Year Requirement. See Section 3.5 and 3.7.
5. Determine whether Applicant meets the New Mortgage Requirement. See Section 3.6.
6. Determine whether Applicant is a U.S. citizen or permanent resident alien.

If all of these requirements are not met, do not submit the application file to THDA.

3.2 ACQUISITION COST LIMITS

A. Defining Acquisition Cost

Property to be financed with a THDA loan cannot be purchased for an amount that exceeds the applicable Acquisition Cost Limit. Generally, the Acquisition Cost is the total cost of acquiring the property as a completed residential unit.

Usually, the Acquisition Cost is the price specified in the contract between the seller and Applicant for the property, so long as there are no other agreements (written or verbal) for payment of any additional amounts in connection with the purchase or construction of the property. If there are agreements of any kind in addition to the purchase contract, then the Acquisition Cost also includes all other amounts paid in cash or in kind by the Applicant or on behalf of the Applicant in connection with the property.

B. Acquisition Cost Inclusions

Include the following items in determining Acquisition Cost:

1. The price indicated in an executed sales contract for a proposed, new or existing house and lot that will be conveyed to the Applicant when the THDA loan is closed ("house" includes a manufactured home on a permanent foundation);

SECTION 4: OTHER THDA PROGRAM REQUIREMENTS

4.1 ELIGIBLE APPLICANTS

An Eligible Applicant must meet ALL of the following criteria:

1. Possess and demonstrate the legal capacity to incur the THDA debt (not be judged incompetent, and be age 18 or older or have minority removed by judicial process);
2. 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, Desktop Underwriter;
3. Be, or become, within 60 days after the THDA loan closing, a resident of the State of Tennessee and intend to occupy the property as their principal residence;
4. Have gross assets of such amounts as to be considered a person of low or moderate income, as THDA may determine from the documentation contained in the application file (See Section 5.2); and
5. Agree to occupy the property as their principal residence and agree not to rent the property during the term of the THDA loan, as sworn to in the Application Affidavit and as precluded by the THDA Rider.
6. Must be a U.S. citizen or permanent resident alien.

4.2 PROPERTY ELIGIBILITY

A. Eligible Property

Eligible property must meet all of the following requirements:

1. Be one of the following:
 - (a) A detached or semi-detached house;
 - (b) A row-house, townhouse, condominium or be part of a planned unit development. For a property located in a condominium development, including developments less than 100% complete, the condominium development must have approval by either FHA, VA, USDA/RD, FHLMC or FNMA;
 - (c) A one, two, three, or four-family residence, one unit of which must be occupied by Applicant as his/her principal residence;
 - (d) Any of the above types of residences, existing, new or proposed:
 - (1) built on site, or
 - (2) a modular home permanently attached to a foundation (in compliance with HUD guidelines, or
 - (3) a HUD approved double-wide manufactured home permanently attached to a foundation (in compliance with HUD Manual 4930.3, "Permanent Foundations Guide for Manufactured Housing"), with wheels, axles, towing tongue and running lights removed. If any portion of a