



**Make a “GREAT CHOICE”
with the
Advantages of THDA Mortgage Loans**

www.thda.org

**615-815-2100
SFAsk@thda.org**



Single Family Programs Contact Info

Lindsay Hall Sr. Director of Single Family Programs - 615-815-2080

Rhonda Ronnow – Director of Loan Operations - 615-815-2111

Chuck Pickering Closing/Funding- 615-815- 2086

Cynthia Peraza – Electronic Submission/Passwords-615-815-2112

Format for Emails: FirstInitialLastName@thda.org

Lender website: www.thda.org – Business Partners/Lenders&Servicers

Realtor website: www.thda.org – Business Partners/REALTORS®

Consumer website: www.greatchoicetn.org

Single Family Help: SFAask@thda.org or 615-815-2100

Regional THDA Staff to CONNECT Partners with Products and Info

THDA Housing CONNECT Team:

East TN CONNECT Liaison: Katie Moore - Kmoore@thda.org 865-210-7951

Middle TN CONNECT Liaison: Denise McBride Dmcbride@thda.org 615-517-5244

West TN CONNECT Liaison: Aubrie Kobernus Akobernus@thda.org 901-208-9071

Director CONNECT Team/Main Office: Debbie Reeves dreeves@thda.org 615-815-2152

Customer Account Managers

Ella Harris eharris@thda.org 615-815-2095

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Single Family Loan Production Advisor: Marvene Carey mcarey@thda.org 615-815-2079

WHO IS THDA?

Mission: Provide safe, sound and affordable housing opportunities

14

**Board of
Directors
Members**



1973

**Created by
the
Legislature**



5

**Office
Locations
Across TN**



225

**Agency
Employees**



HOW THDA WORKS

- ✓ No state dollars for administration
- ✓ Operates on interest earnings
- ✓ Tax-exempt MRB's
- ✓ THDA partners with lenders across the state
- ✓ IRS Involvement

Criteria for THDA Mortgage Programs

- ✓ **First Time Home Buyer**
- ✓ **Household Income Limits**
- ✓ **Acquisition Cost Limits**
- ✓ **Single Family Residence**
- ✓ **Owner-occupied Property**
- ✓ **640 Min. Cr. Score / 45% DTI**

First Time Home Buyer Rule... and Exceptions

- ✓ IRS 3 year rule
- ✓ Targeted Areas – Repeat Buyers okay
- ✓ Veteran and spouse exemption – Repeat Buyers okay
- ✓ Owners of Mobile/Manufactured homes – not taxed and titled as real property – ok Repeat
- ✓ Note: THDA finances double-wide manufactured homes
- ✓ Ownership through marital rights
- ✓ All applicants and non-qualifying spouses must be first time homebuyer eligible...unless meets exemption



Federally Targeted Areas

- ✓ Defined by targeted counties or targeted census tracts
- ✓ First time homebuyer requirement waived
- ✓ Census tracts and counties shown in OA Guide - Section 3.7 and on interactive map on THDA website
- ✓ Go to www.thda.org Hold cursor over Business Partners.
 - Roll down to Info Lenders/Serviceers, then out to click on Targeted Areas – Repeat Homebuyers. On lower half of page click on Targeted Counties & Census Tract Map – with Address Look-up

Household Income Limits

- ✓ Go to www.thda.org for current limits
 - ✓ 1 or 2 person household
 - ✓ 3 or more person household
- ✓ See website: www.thda.org
- ✓ Hold cursor over Business Partners
- ✓ Roll down to Lenders/Serviceers,
- ✓ Roll out to click on Eligibility Requirements
- ✓ Scroll to bottom
- ✓ Click on Income Limits

Acquisition Cost Limits

- ✓ Go to www.thda.org for current limit by county
 - ✓ EXISTING or NEW CONSTRUCTION
 - ✓ – both same limits
- ✓ Website info same as on Income Limits Screen
Except click on Acquisition Cost Limits

Single Family Residence

- ✓ Not intended for trade or business use
- ✓ Site in excess of 5 acres or more than 1 S/D lot requires review
- ✓ Land not intended for income production
- ✓ Land value not to exceed 35% of appraised value
- ✓ Appraised value not to exceed acquisition cost limit by more than 20%
- ✓ HUD owned property requires new appraisal

Owner-Occupied Residence

ALL THDA applicants must occupy the property being purchased as their principal residence.



Mortgage Loan Types

- ✓ Must be amortized for 30 year term
- ✓ FHA
- ✓ VA
- ✓ USDA/RD
- ✓ Conventional – up to 78%LTV – No PMI
- ✓ Co-signers not allowed
- ✓ Type of acceptable underwriting (Automated - Approve/Eligible)
- ✓ Refer/Cautious ok with 2 of 3 specific compensating factors
- ✓ No Credit Score (Non-Traditional / Manual UW)

THDA MORTGAGE PROGRAMS

Great Choice

Great Choice PLUS

Homeownership for the Brave

Great Choice Mortgage Program

Max. Household Income	Varies By Co./# Occupants
Max. Acquisition Cost	Varies By Co./# Occupants
Interest Rate	Fixed rate, subject to change
Loan Term	30 years
Loan Types	FHA, VA, USDA/RD,
Mortgage Ins. or Guarantee	As required by loan type (Conventional limited to 78% LTV – No PMI Allowed)

Great Choice...continued

Details

Closing Costs	May come from borrower, seller, a gift, or as allowed by loan type
Down Payment	As required by loan type
Homebuyer Education (Cost range \$0-\$25)	Only required if receiving DPA or is a special THDA program –i.e., H/O for the Brave
Origination Fee Application Fee Allowed	Up to 2% maximum Up to \$600
Other closing fees	Normal and customary

Great Choice...continued

Details

Buydowns and Co-signers	Not allowed
Assumable	Subject to qualifying
Pre-Payment Penalty	No penalty
Subject to Recapture	Yes
Required Reserve	As required by loan type
Minimum investment	As required by loan type

Great Choice PLUS

Provides Downpayment, Closing Costs, and/or Pre-Paid

Eligible Borrower	Homebuyer obtaining THDA 1 st mortgage loan - meeting 5 Criteria
Max. Household Income and Purchase Price Limits	THDA Program Limits Apply
Loan Amount	4% of Purchase Price / 2 nd mortgage
Interest Rate	0%
Term	15 Yr. Forgivable 20%/yr. in yrs.10-15

PLUS Loan...more details

For Down Payment/Closing Cost/Pre-Paid

Allowable Fees	Normal recording fees. Max. closing fee \$100. No other fees allowed.
Closing Documents	2 nd mortgage Note and Deed of Trust in the name of THDA. Lender funds 2 nd at closing. THDA reimburses after closing.
Homebuyer Education (Cost range \$0 - \$25)	HBE Certificate from THDA approved Counselor required on all loan applicants prior to submission of THDA Great Choice PLUS See www.thda.org for list.

PLUS Loan...more details

Pre-Payment	No pre-payment penalty. Second mortgage is due in full upon 1 st mortgage payoff, assumption or refinance. Assumption of 2 nd not allowed.

Homeownership for the Brave

- ✓ Loan to be used in conjunction with THDA's Great Choice or Great Choice PLUS
- ✓ 50 basis points (½%) off mortgage interest rate
- ✓ Veterans only*
- ✓ Homebuyer education required
- ✓ FHA, VA or USDA insured or Conventional uninsured
78% LTV

Steps to Access THDA Programs

- ✓ Application – Lender
- ✓ Underwriting - Lender
- ✓ Tax Code Compliance Review – THDA reviews for 5 criteria
- ✓ Closing – Attorney/Title Company
- ✓ Post-Closing – Lender sends closed file to THDA and Servicer.
- ✓ Purchase – THDA wires funds.
- ✓ Servicing – Homeowner makes payment to servicer. Servicer escrows taxes & ins., earns servicing fee, remits rest to THDA.

Application

- ✓ Credit Package
- ✓ Underwriting Submission Checklist
- ✓ Buyer Profile
- ✓ Allowable fees from the Borrower to the OA
- ✓ THDA Forms
- ✓ FHA, VA, USDA/RD, Conventional approvals (w/findings)
- ✓ OA#'s, contact names, numbers & email addresses required

Documentation

- ✓ Most recent Federal Tax Returns and W-2's
- ✓ VOE / Pay Stub
- ✓ Current Bank Statements (previous 2 months)
- ✓ THDA Affidavits and Recapture Disclosure

Federal Tax Returns

- ✓ Most current year returns & W-2s
- ✓ Required by the IRS tax code
- ✓ IRS printouts acceptable from 3rd Party Vendor
- ✓ Other documentation to meet this requirement

Residential History

- ✓ VOR- required only if previous 3 year homeownership is in question
- ✓ Lender is required to obtain 3 years residency on the 1003 application form
- ✓ Credit Report - Reviewed by U/W for previous mortgage loans, bankruptcies, short sales, foreclosures & tax liens

Verification of Income

Monthly gross income includes:

- ✓ Monthly gross pay (wages, salary, tips)
- ✓ Overtime/Shift pay
- ✓ Part-time
- ✓ Bonus/commissions
- ✓ Business income
- ✓ Interest and dividends
- ✓ SSI
- ✓ Disability income
- ✓ Child Support/Alimony
- ✓ VA compensation
- ✓ Rental income
- ✓ Other income

Underwriting

- ✓ Credit and collateral – Lender – their timeframe
- ✓ Tax code compliance – THDA
- ✓ 5 working day turnaround max. – normally 2 days
- ✓ Issue commitment - 90days or 180days
- ✓ Email commitment and prior-to-closing conditions to person indicated on Submission Checklist

Underwriting Differences

- ✓ Bankruptcy, Foreclosure, Tax Liens
- ✓ Child support
- ✓ Household income vs. Qualifying income
- ✓ Co-signers prohibited
- ✓ Bank Statements reviewed for deposits
- ✓ Appraisal requirements
- ✓ Other Real Estate Owned
- ✓ 30 Year Term Required

Closing

- ✓ Purchase method allows OA to close with own funds after prior to closing conditions satisfied
- ✓ Method is same as any other investor
- ✓ THDA is the investor. Wires funds after closing.
- ✓ Extra closing documents:
 - ✓ Rider to the 1st Mtg. Deed of Trust – recorded simultaneously w/D/T
 - ✓ If PLUS loan, 2nd Mtg. Note and Deed of Trust

Closing Documents

- ✓ D/T Note-Original Endorsed to THDA
- ✓ Deed of Trust (including THDA Rider) MERS documents acceptable but not required
- ✓ D/T Assignment (n/a if MERS documents submitted.)
- ✓ Title Commitment
- ✓ Title Policy
- ✓ Hazard Insurance
- ✓ Warranty Deed
- ✓ Loan Purchase Request
- ✓ Other documents as required by insurer or guarantor

Post-Closing

- ✓ Faxed Note to THDA within 24 hours of closing
- ✓ Initial closed package within 10 days of closing w/orig. Endorsed Note
- ✓ US Bank is the servicer and will receive payments, pay taxes & ins. on behalf of THDA
- ✓ US Bank to receive closed loan package prior to 1st payment
- ✓ Buyer's 1st payment due the 1st of 2nd month after closing
 - ✓ First Payment Address:
US Bank Home Mortgage P.O. Box 20005
Owensboro, KY 42304-0005
 - ✓ Customer Service Number: (800) 365-7772
- ✓ THDA to receive all final docs within 120 days of closing

Recapture

- ✓ IRS imposed tax
- ✓ Only applicable if 3 things happen:
 1. Sell home in 1st 9 years
 2. Realize a net gain on the sale
 3. Income exceeds threshold income
- ✓ Refinance does not trigger recapture, nor does it waive recapture.

Recapture Example

- ✓ Original income/loan: \$43,140/\$102,092
- ✓ Sell in 7th year: Income \$61,220 married w/1 child
- ✓ Net gain: \$10,000
- ✓ Lesser of:
 - ✓ 50% of net gain or
 - ✓ 6.25% of the original loan amount x Holding Period Percentage (HPP) x Income Adjustment (IA)

Recapture Example

- ✓ 50% of net gain = \$5,000
- ✓ 6.25% of original loan amount = \$6,380.75
- ✓ $\$6,380.75 \times 40\% \text{ HPP} = \$2,552.30$
- ✓ NOW LOOK AT THE ACTUAL Household Income and compare to the Threshold Income Limit on the Recapture Tax Exhibit
- ✓ If income does not exceed the threshold income in the table for year 7, there is NO Recapture

Pat Yourself on the Back
you made it though THDA Training 😊

THANK YOU FOR YOUR
INTEREST IN THDA'S
PROGRAMS!!!!

