

Ralph M. Perrey, Executive Director



**MEMORANDUM**

DATE: February 1, 2019

TO: All Originating Agents

FROM: Rhonda Ronnow, Director of Single Family Loan Operations

SUBJECT: **Hardest Hit Fund Down Payment Assistance ZIP Changes**

---

US Treasury requires all states that participated in the Hardest Hit Funds (HHF) to measure the impact to the communities utilizing the funding. In the Hardest Hit Funds Down Payment Assistance (HHF-DPA), \$15,000 in down payment assistance was originally offered in 62 ZIP Codes that were identified based on continued distress after the mortgage recovery had begun. In the memo dated November 15, 2018 this number was reduced by 10 due to the positive results of the HHF-DPA Program in these ZIP Codes.

All HHF states are required to continue measuring the same indicators going forward. This analysis is completed every six months and/or if funds are reallocated to the HHF-DPA program from other HHF programs in order to continue the funding where it is most needed. ZIP Codes will continue to be removed that have seen a marked improvement.

Recently THDA received approval to reallocate \$4 million of HHF funds to the HHF-DPA Program, therefore an analysis of the HHF-DPA distress indicators was completed. These are not new funds, these are funds reallocated from other HHF mortgage assistance programs. THDA found that there are 3 ZIP Codes that have seen positive results based on the current data. Therefore, these 3 ZIP Codes will be removed from the HHF-DPA Program **effective March 18, 2019. Complete loan applications must be submitted to THDA by March 17, 2019 in the following ZIP Codes:**

<u>ZIP Code</u>	<u>Locality</u>	<u>County</u>
37217	Nashville	Davidson
37890	White Pine	Jefferson
37924	Knoxville	Knox

THDA would like to thank you for assisting in accomplishing the goal to stabilize these neighborhoods, as evidenced by several ZIP Codes no longer meeting US Treasury requirements.

If you have any questions, please call 615-815-2100 or send an e-mail to [SFask@thda.org](mailto:SFask@thda.org).

Ralph M. Perrey, Executive Director



**MEMORANDUM**

DATE: March 25, 2019

TO: All Originating Agents

FROM: Rhonda Ronnow, Director of Single Family Loan Operations

SUBJECT: **Interest Rate Decrease**

---

THDA would like to announce that **effective Tuesday, April 2, 2019**, the interest rate on the Great Choice Loan Program applications will decrease to 4.50%. Based on this rate, the Homeownership for the Brave Loan Program will decrease to 4.00%

All loan applications **received by THDA on or after Tuesday, April 2, 2019**, must be submitted at the lower rate. All applications received by THDA **prior to April 2, 2019**, and outstanding commitments at the higher rates of 4.875% for Great Choice and 4.375% for the Homeownership for the Brave will close at those respective rates.

Thank you again for your continued support and participation in the THDA mortgage program.

If you have any questions, please call 615-815-2100 or send an e-mail to [SFask@thda.org](mailto:SFask@thda.org).

Ralph M. Perrey, Executive Director



**MEMORANDUM**

DATE: March 27, 2019  
TO: All Originating Agents  
FROM: Rhonda Ronnow, Director of Single Family Loan Operations  
SUBJECT: **Hardest Hit Fund Down Payment Assistance ZIP Changes**

---

US Treasury requires all states that participated in the Hardest Hit Funds (HHF) to measure the impact to the communities utilizing the funding. In the Hardest Hit Funds Down Payment Assistance (HHF-DPA), \$15,000 in down payment assistance was originally offered in 62 ZIP Codes that were identified based on continued distress after the mortgage recovery had begun. In memos dated November 15, 2018 and February 1, 2019, this number was reduced by a total of 13 ZIP Codes due to the positive results of the HHF-DPA Program in these ZIP Codes.

All HHF states are required to continue measuring the same indicators going forward. This analysis is completed every six months and/or if funds are reallocated to the HHF-DPA program from other HHF programs in order to continue the funding where it is most needed. ZIP Codes will continue to be removed that have seen a marked improvement.

During the most recent analysis, THDA found 11 ZIP Codes that have seen positive results based on the current data. Therefore, these 11 ZIP Codes will be removed from the HHF-DPA program **effective July 1, 2019. Complete loan applications must be submitted to THDA by June 30, 2019 in the following ZIP Codes:**

<b><u>ZIP Code</u></b>	<b><u>Locality</u></b>	<b><u>County</u></b>
37040	Clarksville	Montgomery
37042	Clarksville	Montgomery
37110	McMinnville	Warren
37303	Athens	McMinn
37323	Cleveland	Bradley
37660	Kingsport	Sullivan
37721	Plainview	Knox/Union
37821	Newport	Cocke
37912	Knoxville	Knox
38109	Memphis	Shelby
38135	Bartlett	Shelby

Also, THDA received approval to reallocate \$5 million of HHF funds to the HHF-DPA Program, bringing the total allocation of funds available to approximately \$10.5 million. These are not new funds, these are funds reallocated from other HHF programs.

THDA would like to thank you for assisting in accomplishing the goal to stabilize these neighborhoods as evidenced by several ZIP Codes no longer meeting US Treasury requirements. If you have any questions, please call 615-815-2100 or send an e-mail to [SFask@thda.org](mailto:SFask@thda.org).

Ralph M. Perrey, Executive Director



**MEMORANDUM**

DATE: April 24, 2019

TO: All Originating Agents

FROM: Rhonda Ronnow, Director of Single Family Loan Operations

SUBJECT: **Mortgagee Letter 19-06**

---

THDA would like to provide insight and guidance to Mortgagee Letter 19-06 as it pertains to utilizing the down payment assistance program provided by THDA. Below is a statement from Executive Director, Ralph M. Perrey. Additional information about how it affects all Originating Agents follows.

**Statement of Ralph M. Perrey, Executive Director, Tennessee Housing Development Agency**

THDA welcomes HUD's Mortgagee Letter 19-06, which draws needed distinctions between legitimate down payment assistance programs offered by state housing finance agencies and national programs fronted by entities with disputed authority to operate outside their own local jurisdiction.

HUD, noting that loans with down payment assistance have higher rates of default, is wise to differentiate among down payment programs offered by state housing finance agencies like THDA from those offered by the more than 1,500 other "government providers" of down payment assistance.

Research released last year by Fannie Mae showed that loans originated by state housing finance agencies, the vast majority of which include down payment assistance, "perform substantially better than similar loans to low- and moderate-income borrowers" and are "significantly less likely" to result in delinquency or default – 20% less likely, in fact. HUD did well to take this into consideration in its Mortgagee Letter.

**How this affects down payment assistance with THDA**

Effective immediately, THDA will issue a Legal Opinion Letter on every FHA Great Choice Plus or Great Choice HHF mortgage loan that is committed by THDA, this will be sent as the third page of the Enforceable Obligation Letter (EOL). Since this notice from HUD was unexpected, it will take about 3 weeks for implementation into the THELMA system. Until that time, you will receive a separate email from a THDA underwriter that includes the Legal Opinion Letter.

Thank you again for your continued support and participation in the THDA mortgage program. If you have any questions, please call 615-815-2100 or send an e-mail to [SFask@thda.org](mailto:SFask@thda.org).

Ralph M. Perrey, Executive Director



**MEMORANDUM**

DATE: April 26, 2019

TO: All Originating Agents

FROM: Rhonda Ronnow, Director of Single Family Loan Operations

SUBJECT: **Mortgagee Letter 19-07**

---

THDA appreciates the extension provided by HUD in Mortgagee Letter (ML) 19-07. As the ML states this extension will allow additional time for Governmental Entities to prepare the documentation described in ML 19-06.

As a State Housing Finance Agency, THDA is prepared with providing the Legal Opinion to operate in a Governmental Capacity as well as updating the Enforceable Obligation Letter to meet the requirements of ML 19-06. This extension allows these forms to be updated in our Electronic Loan Management Application (THELMA), which provides an automatic attachment with each commitment instead of a manual process as described in the memo dated April 24, 2019. The new effective date correlates with ML 19-07 and will be July 23, 2019.

Thank you again for your patience, continued support and participation in the THDA mortgage program. We will continue our communication regarding this matter as needed. If you have any questions, please call 615-815-2100 or send an e-mail to [SFask@thda.org](mailto:SFask@thda.org).

Ralph M. Perrey, Executive Director



**MEMORANDUM**

DATE: May 17, 2019

TO: All Originating Agents

FROM: Rhonda Ronnow, Director of Single Family Loan Operations

SUBJECT: **MCC Program Suspended**

---

Effective Thursday October 31, 2019, the Take Credit MCC program will be suspended. All complete application packages must be received by this date. All loan closing documents must be received by December 16, 2019 for THDA to review in order to issue the MCC Certificate.

Thank you for your continued participation in THDA's mortgage programs. If you have questions please feel free to contact [SFask@thda.org](mailto:SFask@thda.org) or call (615) 815-2100.

Ralph M. Perrey, Executive Director



**MEMORANDUM**

DATE: May 21, 2019

TO: All Originating Agents

FROM: Rhonda Ronnow, Director of Single Family Loan Operations

SUBJECT: **Change in Income Limits**

---

THDA would like to announce that effective Monday, May 27, 2019, there will be an increase in income limits for 94 counties and a decrease in income limits for one county, Smith County.

These changes are reflected on the revised page 10 of the Originating Agents Guide.

All THDA loan applications received on or after May 27, 2019 will be considered in accordance with these new Household Income Limits. All THDA loan applications received prior to this date will utilize the old Household Income Limits.

Thank you for your continued participation in THDA's mortgage programs. If you have any questions, please contact [SfASK@thda.org](mailto:SfASK@thda.org) or call 615-815-2100.

Ralph M. Perrey, Executive Director



**MEMORANDUM**

DATE: June 10, 2019

TO: All Originating Agents

FROM: Rhonda Ronnow, Director of Single Family Loan Operations

SUBJECT: **Interest Rate Decrease**

---

THDA would like to announce that **effective Monday, June 17, 2019**, the interest rate on the Great Choice Loan Program applications will decrease to 3.875%. Based on this rate, the Homeownership for the Brave Loan Program will decrease to 3.375%. To alleviate any delays with the review of the loan application submission, please verify all submission documentation reflects the correct interest rate.

All loan applications **received by THDA on or after Monday, June 17, 2019**, must be submitted at the lower rate. All applications received by THDA **prior to June 17, 2019**, and outstanding commitments at the higher rates of 4.50% for Great Choice and 4.00% for the Homeownership for the Brave will close at those respective rates.

Thank you again for your continued support and participation in the THDA mortgage program. If you have any questions, please call 615-815-2100 or send an e-mail to [SFask@thda.org](mailto:SFask@thda.org).



Ralph M. Perrey, Executive Director



**MEMORANDUM**

DATE: July1, 2019  
TO: All Originating Agents  
FROM: Rhonda Ronnow, Director of Loan Operations  
SUBJECT: **Update on HHF-DPA Program**

---

THDA would like to provide an update of the availability of the Hardest Hit Fund Down Payment Assistance (HHF-DPA) second mortgage loan program. As of today, \$1,840,000 is available. These funds are based on a first-come first-served timing and are reserved only when a complete file has been submitted through THELMA, THDA's on-line portal.

THDA anticipates these funds to be exhausted by mid-August, 2019. As a reminder, THDA has instituted multiple ways to keep our industry partners informed. These include:

- Weekly email blasts from our Customer Account Managers. If you do not receive these, please contact Rebekah Bicknell [rbicknell@thda.org](mailto:rbicknell@thda.org)
- THELMA login page updated weekly, <https://ols.thda.org>
- Lenders with THELMA credentials can access a live update
- Great Choice TN Facebook page
- Weekly THELMA Blasts

The following 38 ZIP Codes remain eligible for the HHF-DPA second mortgage program:

37115	37404	37716	37920	38105	38122	38301	37148	37406	37813
37921	38107	38125	38305	37186	37411	37871	38012	38111	38127
37311	37412	37874	38016	38115	38128	37321	37416	37914	38053
38116	38134	37354	37650	37917	38063	38118	38141		

THDA also recommends lenders review the live data in THELMA before meeting with new applicants to verify funds are available, notify applicants of the availability of HHF-DPA and the urgency of submitting a complete application as soon as possible. Funds are reserved once the complete approved application has been received by THDA.

Please feel free to contact THDA directly at 615-815-2100 or by email to [SFask@thda.org](mailto:SFask@thda.org) with any questions. Thank you for your continued participation in THDA's mortgage programs, because of your dedication, we have achieved stabilization in many neighborhoods.

Ralph M. Perrey, Executive Director



**MEMORANDUM**

DATE: July 15, 2019  
TO: All Originating Agents  
FROM: Rhonda Ronnow, Director of Loan Operations  
SUBJECT: **Closing Changes**

---

Effective July 15, 2019 THDA will implement two guide changes that will affect the Great Choice Mortgage Loan closing process. This will affect all loans closed on July 15, 2019 and moving forward.

1. The maximum allowable amount for Hazard Insurance deductible will be the maximum of 1% of the loan amount, \$2,500 or the maximum of guarantor's guidelines for VA and USDA loans.
2. To align with industry standards, the verbal verification of employment (VVOE) utilized by lenders to confirm the borrower's current employment status within 10 business days prior to the note date must be included in the closing package. This item will be added to the closed loan submission checklist.

As a reminder, THDA Great Choice Plus and HHF second mortgage loans can only be used for closing costs, prepaids and down payment assistance. Repair escrows, paying off debt to qualify for the mortgage loan or cash out above borrower's amount that they paid in advance from their personal funds for earnest money, appraisal fees, credit report fees, and homebuyer education counseling is not allowed.

Thank you for your continued support and participation in the THDA mortgage program. If you have any questions, please call 615-815-2100 or send an e-mail to [SFask@thda.org](mailto:SFask@thda.org).

Ralph M. Perrey, Executive Director



**MEMORANDUM**

DATE: July15, 2019  
TO: All Originating Agents  
FROM: Rhonda Ronnow, Director of Loan Operations  
SUBJECT: **HUD ML 19-06 Update**

---

As a follow up to the memo from April 26, 2019, THDA would like to announce that our electronic loan management application (THELMA) has been updated to produce the new Enforceable Obligation Letter (EOL) to comply to ML 19-06/07. Attached is an example of the new EOL that will accompany your THDA commitment. This update provides the Legal Opinion for THDA to operate in a Governmental Capacity, as a State Housing Agency, as well as updating the Enforceable Obligation Letter to meet the requirements of ML 19-06.

Thank you again for your patience, continued support and participation in the THDA mortgage program. We will continue our communication regarding this matter as needed.

If you have any questions, please call 615-815-2100 or send an e-mail to [SFask@thda.org](mailto:SFask@thda.org)



Legally Enforceable Obligation letter  
 For HUD Mortgagee Letter 2013-14  
 and HUD Handbook 4155.1 5.B.5.a Gift Letter

Date

Lender  
 Address  
 MURFREESBORO, TN 37129

Re: The "Second Mortgage Loan" is:  
 Loan Type: THDA Great Choice Plus Loan  
 Borrower:  
 Property Address:  
  
 Second Mortgage Loan Amount: No greater than 5% of SP  
 Second Mortgage Loan Terms: 30 years deferred with 0% interest rate.  
 Associated First Mortgage Loan: THDA Great Choice Loan

Dear Sir or Madam:

As required by Mortgagee Letter 2013-14 from the U.S. Department of Housing and Urban Development, this letter documents that the Tennessee Housing Development Agency ("THDA"), a political subdivision and instrumentality of the state of Tennessee, has incurred a legally enforceable obligation, in accordance with the requirements of the THDA commitment letter issued with respect to the Second Mortgage Loan and the Associated First Mortgage Loan, to provide the funds for the borrower's required Minimum Required Investment (MRI) at or before closing under its Great Choice Plus Loan Program on the terms and in the amount referenced above. The MRI provided by THDA is not contingent upon any future transfer of the insured Mortgage to a specific entity as required by Mortgagee Letter 19-06.

You must maintain this letter in your file and you must also satisfy the requirements in the last paragraph of this letter to maintain the FHA insurability of the Associated First Mortgage Loan referenced above.

THDA hereby agrees to purchase the Second Mortgage Loan described above which will be made by \_\_\_\_\_ Lender \_\_\_\_\_ (whether closing in THDA's name or in the name of \_\_\_\_\_ Lender) under THDA's Great Choice Plus Loan Program.

**Prior to applying for FHA insurance on the Associated First Mortgage Loan, Lender must deliver to THDA the following documents:**

1. Fully executed original note for the Great Choice Loan, endorsed to THDA;
2. A copy of the fully executed and notarized original Deed of Trust for the Great Choice Loan with all applicable Riders (The original Deed of Trust for the Great Choice Loan must be submitted to THDA immediately following recordation);
3. Fully executed original note for the Great Choice Plus Loan, endorsed to THDA;
4. A copy of the fully executed and notarized original Deed of Trust for the Great Choice Plus Loan with all applicable Riders (The original Deed of Trust for the Great Choice Plus Loan must be submitted to THDA immediately following recordation).

\_\_\_\_\_  
Grantor Name (Signature)  
Tennessee Housing Development  
Agency

\_\_\_\_\_  
Grantor Name (Printed)  
Tennessee Housing Development  
Agency

\_\_\_\_\_  
Grantor Name (Signature)  
Borrower

\_\_\_\_\_  
Grantor Name (Printed)  
Borrower



Legal Opinion Letter

For HUD Mortgagee Letter 2019-06  
and HUD Handbook 4001.1 II.A.4.d.ii and II.A.5.c.ii

As required by Mortgagee Letter 2019-06 from the U.S. Department of Housing and Urban Development, this letter documents that the Tennessee Housing Development Agency ("THDA"), a political subdivision and instrumentality of the state of Tennessee, is authorized, pursuant to TCA 13-23-101 et. seq., to provide a mortgage loan program to low and moderate income Tennesseans by purchasing loans from originating agents provided anywhere within the boundaries of Tennessee.

This loan has been made pursuant to a mortgage loan program administered by THDA, and utilizing funds provided by THDA for that purpose. THDA, in its governmental capacity, has incurred an enforceable legal liability or obligation as provided in the Legally Enforceable Obligation Letter provided with this loan.

I have reviewed THDA's down payment assistance program and THDA qualifies under Section 201(d) of the National Housing Act (12 U.S.C. §1707(d)) as an instrumentality of the State of Tennessee and THDA's jurisdiction encompasses the entire State of Tennessee.

---

(Signature)  
Assistant Chief Legal Counsel  
Tennessee Housing Development  
Agency

---

**BRUCE BALCOM**  
(Printed)  
Tennessee Housing Development  
Agency

Ralph M. Perrey, Executive Director



**MEMORANDUM**

DATE: July17, 2019  
TO: All Originating Agents  
FROM: Rhonda Ronnow, Director of Loan Operations  
SUBJECT: **Update on HHF-DPA Program**

---

THDA would like to provide an update of the availability of the Hardest Hit Fund Down Payment Assistance (HHF-DPA) second mortgage loan program. Funds have been recaptured through payoffs, therefore as of today \$1,600,000 is available. Keep in mind, these are not new funds, they are recycled funds utilized by previous borrowers. These funds are based on a first-come first-served timing and are reserved only when a complete file has been submitted through THELMA, THDA's on-line portal. THDA anticipates these funds to be exhausted by mid-August 2019.

THDA also recommends lenders review the live data in THELMA before meeting with new applicants to verify funds are available, notify applicants of the availability of HHF-DPA and the urgency of submitting a complete application as soon as possible. Funds are reserved once the complete approved application has been received by THDA.

Please feel free to contact THDA directly at 615-815-2100 or by email to [SFask@thda.org](mailto:SFask@thda.org) with any questions. Thank you for your continued participation in THDA's mortgage programs; because of your dedication, we have achieved stabilization in many neighborhoods.

Ralph M. Perrey, Executive Director



**MEMORANDUM**

DATE: July 24, 2019  
TO: All Originating Agents  
FROM: Rhonda Ronnow, Director of Loan Operations  
SUBJECT: **Update on Mortgage Letter 19-06**

---

In accordance with FHA INFO #19-37, Mortgage Letter 19-06 has been suspended until further notice. THDA will be updating our electronic loan management application (THELMA) to provide the enforcement obligation letter utilized prior to the ML 19-06 announcement and the July 15, 2019 memo. This should be updated by Friday, July 26, 2019.

Thank you again for your patience, continued support and participation in the THDA mortgage program. We will continue our communication regarding this matter as needed. If you have any questions, please call 615-815-2100 or send an e-mail to [SFask@thda.org](mailto:SFask@thda.org)



Ralph M. Perrey, Executive Director



**MEMORANDUM**

DATE: July 31, 2019  
TO: All Originating Agents  
FROM: Rhonda Ronnow, Director of Loan Operations  
SUBJECT: **Conclusion of HHF-DPA Program**

---

THDA would like to provide a **program end date** for the availability of the Hardest Hit Fund Down Payment Assistance (HHF-DPA) second mortgage loan program.

As of today, there is currently \$865,000 available, which is approximately **57** loans. THDA will end the program on **August 15, 2019** as long as funds are available. Funds may be exhausted prior to the August 15, 2019 program end-date, which would end the program immediately.

These funds are available on a first-come first-served basis and are reserved only when a complete and eligible file has been submitted through THELMA, THDA's on-line portal.

THDA recommends lenders monitor the live data in THELMA to notify applicants of the availability of HHF-DPA and the urgency of submitting a complete application as soon as possible. Funds are reserved once the complete approved application has been received by THDA. If borrowers are unable to take advantage of the HHF-DPA program, THDA continues to offer down payment assistance through the Great Choice Plus Mortgage Loan Program.

Please feel free to contact THDA directly at 615-815-2100 or by email to SFask@thda.org with any questions. Thank you for your continued participation in THDA's mortgage programs. Because of your dedication, Tennessee has achieved stabilization in many neighborhoods.

Ralph M. Perrey, Executive Director



**MEMORANDUM**

DATE: August 7, 2019  
TO: All Originating Agents  
FROM: Rhonda Ronnow, Director of Loan Operations  
SUBJECT: **HHF-DPA Program Ended**

---

All funds have been exhausted for the Hardest Hit Fund Down Payment Assistance (HHF-DPA) second mortgage loan program and the program has ended. Thank you for your participation in this program that assisted nearly 6,000 Tennesseans with \$15,000 in DPA. Because of your dedication, we have achieved stabilization in many neighborhoods.

THDA continues to offer the Great Choice Plus loan program providing 5% of the purchase price in DPA. Please feel free to contact THDA directly at 615-815-2100 or by email to [SFask@thda.org](mailto:SFask@thda.org) with any questions.

Ralph M. Perrey, Executive Director



**MEMORANDUM**

DATE: August 28, 2019  
TO: All Originating Agents  
FROM: Rhonda Ronnow, Director of Loan Operations  
SUBJECT: **Hazard Insurance**

---

Recently THDA has observed hazard insurance policies that exceed the allowable amount for deductibles. Once these issues are corrected by the lender after closing, it is resulting in debt ratios exceeding the allowable 45%. **Therefore effective immediately**, THDA will require the hazard insurance declaration page be submitted with the underwriting package. If the hazard insurance declaration page is not received, it can be a prior to closing condition.

As a reminder, the maximum allowable amount for Hazard Insurance deductible is the maximum of 1% of the loan amount or \$2,500.

Thank you for your continued support and participation in the THDA mortgage program. If you have any questions, please call 615-815-2100 or send an e-mail to [SFask@thda.org](mailto:SFask@thda.org).

Ralph M. Perrey, Executive Director



**MEMORANDUM**

DATE: September 9, 2019

TO: All Originating Agents

FROM: Rhonda Ronnow, Director of Single Family Loan Operations

SUBJECT: **Interest Rate Decrease**

---

THDA would like to announce that **effective Monday, September 16, 2019**, the interest rate on the Great Choice Loan Program applications will decrease to 3.50%. Based on this rate, the Homeownership for the Brave Loan Program will decrease to 3.00%. To alleviate any delays with the review of the loan application submission, please verify all submission documentation reflects the correct interest rate.

All loan applications **received by THDA on or after Monday, September 16, 2019**, must be submitted at the lower rate. All applications received by THDA **prior to September 16, 2019**, and outstanding commitments at the higher rates of 3.875% for Great Choice and 3.375% for the Homeownership for the Brave will close at those respective rates.

Thank you again for your continued support and participation in the THDA mortgage program.

If you have any questions, please call 615-815-2100 or send an e-mail to [SFask@thda.org](mailto:SFask@thda.org).

Ralph M. Perrey, Executive Director



**MEMORANDUM**

DATE: September 19, 2019

TO: All Originating Agents

FROM: Rhonda Ronnow, Director of Single Family Loan Operations

SUBJECT: **Mortgage Credit Certificate (MCC) Program Suspension**

---

As a reminder, **effective Thursday October 31, 2019**, the Take Credit MCC program will be suspended. All complete application packages must be received no later than October 31, 2019. All approvals issued by THDA must have all loan closing documentation submitted to THDA by December 16, 2019 for review in order to issue the MCC Certificate timely. Commitments will be voided if MCC is not issued by December 30, 2019.

Thank you again for your continued support and participation in the THDA mortgage program.

If you have any questions, please call 615-815-2100 or send an e-mail to [SFask@thda.org](mailto:SFask@thda.org).

Ralph M. Perrey, Executive Director



**MEMORANDUM**

DATE: October 18, 2019  
TO: All Originating Agents  
FROM: Rhonda Ronnow, Director of Loan Operations  
SUBJECT: **THELMA Update and Rate Locks**

---

THDA would like to announce enhancements to the Tennessee Housing Electronic Management Application (THELMA) that will take place over Veteran's Day weekend. This update coincides with our office closure for Monday, November 11<sup>th</sup>. THELMA will be unavailable November 9-11.

Effective Tuesday, November 12, the new THELMA application will be available. Most enhancements are to improve the overall appearance of the system. The major enhancement with this update is the launching of a rate lock/reservation system.

The new rate lock/reservation system will allow lenders to reserve and lock rates in advance of submitting the complete package as currently required. Lock periods will be for 90 days for existing construction and 180 days for new construction.

The first time you log in to THELMA after the update, you will be required to reset your password. The system has retained your username, click the "forgot password" link to reset your password.

Several webinars and training opportunities related to the new system are listed below. We encourage all staff involved with loan submissions and/or rate locks to register. **Please click on the date/time to register.**

- **Session 1: Tuesday, November 5<sup>th</sup> at 10:30 am CST**
- **Session 2: Tuesday, November 5<sup>th</sup> at 1:30 pm CST**
- **Session 3: Thursday November 7<sup>th</sup> at 9:00 am CST**
- **Session 4: Thursday November 7<sup>th</sup> at 1:30 pm CST**

We are pleased to bring this enhancement to our program, and thank you for your continued participation in THDA's mortgage loan programs.

If you have any questions, please contact [SFAsk@thda.org](mailto:SFAsk@thda.org) or call 615-815-2100.

Ralph M. Perrey, Executive Director



**MEMORANDUM**

DATE: November 12, 2019

TO: All Originating Agents

FROM: Rhonda Ronnow, Director of Loan Operations

SUBJECT: **THELMA update, rate locks, commitment expiration**

---

As announced on October 18, 2019, **effective today** THDA has made enhancements to the Tennessee Housing Electronic Management Application (THELMA). Most enhancements are to improve the overall appearance of the system as well as adding a rate lock function.

As stated during the webinars last week, the new rate lock system will allow lenders to reserve and lock rates in advance of submitting the complete package as currently required. Lock periods will be for 90 days for existing construction and 180 days for new/proposed construction. Commitments for loans submitted to THDA as of November 12, 2019 will have a different commitment period than prior to this date. The expiration date of the commitment will be the rate lock expiration date. All mortgage revenue bond (MRB) loans must close by the rate lock expiration date, as well as having the complete closing packing including original note submitted to THDA within 10 calendar days of closing. THDA will allow one 30 day extension for the MRB program at no cost to the lender.

THDA has established a rate lock desk which is available from 9:00 am until 4:30 pm CST if assistance is needed for extending a lock. THDA will continue to provide a notice prior to the rate changes for the MRB program. THDA encourages our lenders to consider THDA loans in your company's regular rate locking process.

As a reminder, the first login to THELMA after the update will require a password reset. The link on our website has been updated; if you have saved the page to your favorites, please update to the new address <https://thelma.thda.org>. The system has retained the username, click the "forgot password" link to reset your password. When logging into the system, click on "lock rate" to just lock a rate or to lock a rate and submit a new package. All new submissions must be locked when submitted to THDA.

Instructions for THELMA's new rate lock process is available on our website <https://thda.org/business-partners/lenders>.

We are pleased to bring this enhancement to our program, and thank you for your continued participation in THDA's mortgage loan programs.

If you have any questions, please contact [SFAsk@thda.org](mailto:SFAsk@thda.org) or call 615-815-2100.

Ralph M. Perrey, Executive Director



**MEMORANDUM**

DATE: November 22, 2019

TO: All Originating Agents

FROM: Rhonda Ronnow, Director of Single Family Loan Operations

SUBJECT: **Establishing/reestablishing credit; slim credit files**

---

As the state housing agency, THDA aspires to meaningfully expand safe, sound, affordable housing opportunities for low and moderate income Tennesseans. Programmatically, our aspirations include expanding homeownership opportunities statewide and supporting successful, ongoing homeownership. To meet these aspirations, THDA reserves the right to credit underwrite any loan that may have unacceptable credit or a slim credit file.

To add clarification to sections 5.1C and 5.4B of the Originating Agent's Guide, THDA added the definition of establishing and/or reestablishing credit, located in section 5.4K. If establishing or reestablishing credit, 3 non-traditional trade lines with 12 month good payment history must be provided, the combination of traditional and non-traditional trade lines can be provided. Please reference these sections on pages 24 and 28 of the Guide.

THDA thanks you for your continued participation in the Great Choice Loan Program and our continued efforts in helping Tennesseans reach and support their goal of homeownership.

If you have any questions, please call 615-815-2100 or send an e-mail to [SFask@thda.org](mailto:SFask@thda.org).



## SECTION 5: PROCESSING AND CREDIT UNDERWRITING REQUIREMENTS

### **5.1 OVERVIEW**

#### **A. Rates and Rate Lock**

Current interest rates are listed on our website at [www.thda.org](http://www.thda.org). Rates can be locked at any time prior to submission. Loans must be locked at the time the complete loan file is submitted to THDA for approval. For mortgage loan programs described in section 1.4, existing construction rates will be locked for 90 days; new/proposed construction will be locked for 180 days. One 30 day extension may be allowed. Rate lock desk is available 9 a.m to 4:30 pm CST during THDA's business days.

#### **B. 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 loan estimate, 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 GFE and Disclosure of Loan Terms.

#### **C. 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 and the insurer, program accepted, underwriting software, i.e. Loan Product Advisor (LPA), 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 640 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 640.
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 36%.
  - Two months PITI in reserves. This cannot be a gift.
3. Refer/Eligible: Loans must be manually underwritten, maximum debt ratio of 43%, minimum credit score of 640, 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 cannot be a gift.
  - 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 640.

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.

#### **D. Homebuyer Education**

## **5.4 DEBTS, OBLIGATIONS AND OTHER EXPENSES**

### **A. Remaining Debt Payments**

Although most program insurer underwriting guidelines allow a certain number of remaining scheduled debt payments to be disregarded for purposes of loan qualifying, the impact of existing debt payments on Applicant's budget at the time of the first scheduled THDA loan payment may be evaluated in THDA's sole discretion.

### **B. Bankruptcy (Chapter 7 and Chapter 13)**

An Applicant's Chapter 7 bankruptcy must be discharged for a minimum of two years and acceptable credit must be re-established to be eligible for a THDA loan.

An Applicant's Chapter 13 bankruptcy must be discharged for a minimum of one year, with all payments on the plan made as agreed, and acceptable credit re-established or maintained during this time.

Applicants currently in bankruptcy are not eligible for THDA loan programs.

THDA considers re-established credit, tradelines either traditional or non-traditional that have been active for 12 consecutive months.

### **C. Previous Default**

Applicants with prior foreclosures or deeds-in-lieu are not eligible for THDA loan programs for a period of three years from the date of the foreclosure sale. If the foreclosure or a short sale was on a THDA funded loan, the borrowers are not eligible for another THDA loan.

### **D. Child Support and Alimony Obligations**

Include a copy of the final order, signed by the court. Payments must be current.

### **E. Judgments**

Any and all judgments must be handled in accordance with the program insurer guidelines.

### **F. Federal or State Tax Liens, Tax Arrearages**

All tax liens or arrearages must be paid in full. Include an acceptable explanation from the Applicant.

### **G. Collections**

Any and all collection accounts must be handled in accordance with program insurer guidelines.

### **H. Co-Signed Debt**

Any and all co-signed accounts must be included in Originating Agent underwriting decisions in accordance with program insurer guidelines.

### **I. Child Care Expense**

Child care expenses must be handled in accordance with program insurer guidelines.

### **J. Legally Enforceable Obligation Letter**

If a borrower receives a Great Choice Plus loan and has an FHA first mortgage, a Legally Enforceable Obligation Letter, Form HO-0476, must be signed by Borrower at closing. This letter will be sent to the Originating Agent with the THDA loan commitment.

### **K. Establishing / Re-establishing Credit**

Borrower(s) must show credit worthiness to obtain financing with THDA. If establishing or re-establishing credit, 3 non-traditional trade lines with 12 month good payment history must be provided, the combination of traditional and non-traditional trade lines can be provided. Additional information may be required at the discretion of THDA.

Ralph M. Perrey, Executive Director



**MEMORANDUM**

DATE: December 16, 2019

TO: All Originating Agents

FROM: Rhonda Ronnow, Director of Single Family Loan Operations

SUBJECT: **Interest Rate Increase For Mortgage Revenue Bond (MRB) Program**

---

THDA would like to announce that **effective Friday, December 20, 2019**, the interest rate on the Great Choice Mortgage Loan Program will increase to 3.75%. Based on this rate, the Homeownership for the Brave Mortgage Loan Program will increase to 3.25%. To alleviate any delays with the review of the loan application submission, as well as the receipt of timely commitments from THDA, please verify all submission documentation reflects the correct interest rate as indicated on the lock confirmation.

All interest rate locks **received by THDA on or after Friday, December 20, 2019**, will be locked at the higher rate. All complete application submissions or rate locks received by THDA **prior to December 20, 2019**, and outstanding commitments at the lower rates of 3.50% for Great Choice and 3.00% for the Homeownership for the Brave will close at those respective rates.

This is the first rate change since THDA implemented the new rate lock system on November 12, 2019, therefore the process has some changes to align with industry standards. As a reminder, rate locks for existing construction are for 90 days and new/proposed construction are for 180 days. The THDA commitment will expire on the same date the interest rate expires. Property and/or borrower cannot change from loan lock to loan submission.

Thank you again for your continued support and participation in the THDA mortgage program.

If you have any questions, please call 615-815-2100 or send an e-mail to [SFask@thda.org](mailto:SFask@thda.org).