



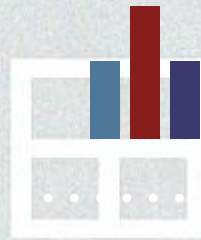


Welcome

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



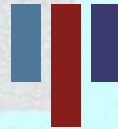
Tennessee Housing
Development Agency



Presented by

Josh McKinney

Real Estate Industry Advisor



Agenda

Make A Great Choice



HOW TO CONNECT

Single Family Loan Operations/
Industry and Governmental Affairs



MAKING AN IMPACT

The best way to find yourself is to lose
yourself in the service of others



MEET THE TEAM

A key to achieving success is
assembling a strong and stable team



THDA MORTGAGE PROGRAMS

Help your clients make a great choice



MORTGAGE PROGRAM CRITERIA

You must pay the
price if you wish to secure
the blessing



GREAT CHOICE REVIEW

Have as much fun as you can while doing
the most good that you can



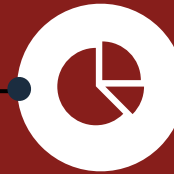
MANUFACTURED HOMES

Part of the solution to the affordable housing crisis?



HOME BUYER EDUCATION

Better than "skin in the game"



STEPS TO ACCESS GREAT CHOICE

Visualize the process



MAKING THE PAYMENTS

The first step is the first step



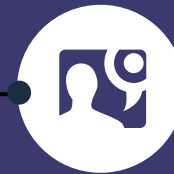
RECAPTURE

Understanding the way it works will help your clients get past the barrier



FINAL COMMENTS AND QUESTIONS

We've come a long way - let's finish strong!





Single Family Programs Contact Info

Lindsay Hall, Chief Administrative Officer of SF Programs - 615-815-2080

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

Chuck Pickering, Closing/Funding- 615-815-2086

- Electronic Submission/Passwords – send list and request to sfask@thda.org
- 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 (best) or 615-815-2100

Making an **impact...**

MAKING AN IMPACT

YOU make a difference with Great Choice Home Loans



**THE BEST WAY TO FIND
YOURSELF IS TO LOSE YOURSELF IN
THE SERVICE OF OTHERS**

WHAT IS THDA?

Mission: Provide safe, sound and affordable housing opportunities

14

**Board of
Directors
Members**



1973

**Created by
the Legislature**



4

**Office
Locations
Across TN**



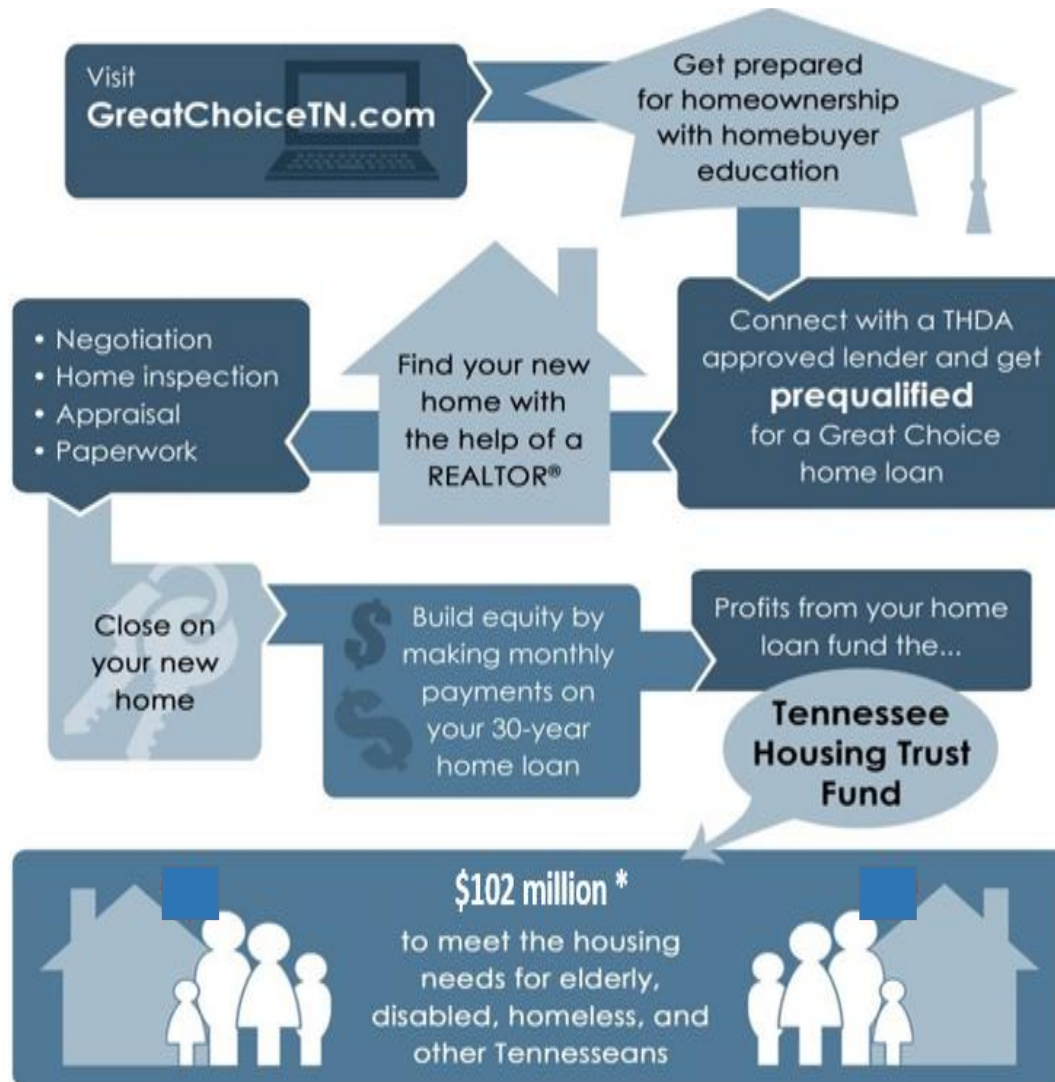
275

**Agency
Employees**



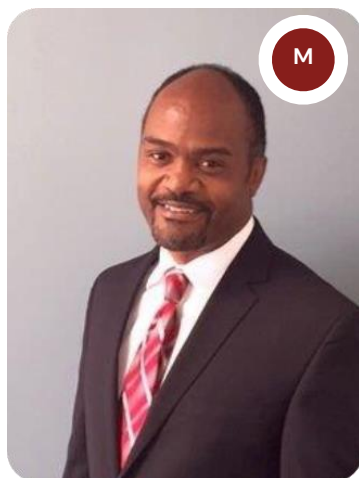
MAKING AN IMPACT

YOU make a difference with Great Choice Home Loans



Our Awesome Team

We are here to support you and your business!



Darrell Robertson

Assistant Director of Industry
and Governmental Affairs

Drobertson@thda.org

615-815-2077



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615-815-2122



Rebekah Bicknell

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RBicknell@thda.org

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*“What can we do to
help you succeed?”*

Our Awesome Team

We are here to support you and your business!



Josh McKinney

Real Estate Industry Advisor
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865-394-8960



Juanita Hamilton

Real Estate Industry Advisor
West TN

JHHamilton@thda.org

615-815-2190



*“What can we do to
help you succeed?”*

HOW THDA WORKS

SHFA

No Tax
Dollars

Interest
Earnings

Partners with lenders
across the state

Tax-exempt
MRBs

IRS Involvement

THDA Mortgage Programs

Presenting the Product



Great Choice

Great Choice
PLUS

Homeownership
for the Brave

And you have more options...

Great Choice

PLUS LOAN

2nd Mortgage: 15-Year Term

**Interest rate is
equal to the first**

**DPA= 6% of
the sales price**

**Monthly payment
considered in debt ratio**

DEFERRED

Great Choice

PLUS  LOAN

2nd Mortgage: 30-Year Term

0% Interest rate

**\$6,000 Down
Payment Assistance**

**Due on sale
or refinance**



Homeownership for the Brave

Used in conjunction
with THDA's Great
Choice PLUS

50 basis points
($\frac{1}{2}\%$) off mortgage
interest rate

Veterans
only*

Homebuyer
education
required

FHA, VA, or USDA
insured or
conventional
uninsured 78% LTV

Mortgage Loan Types

FHA, VA, USDA/RD

Conventional – up to 78% LTV, no PMI

Must be amortized for 30 years

Co-signers not allowed

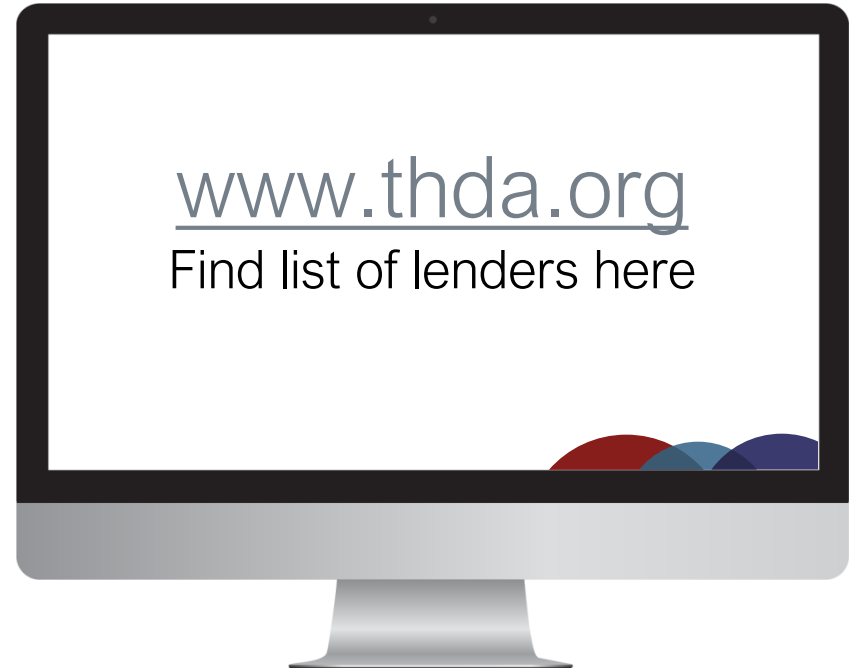
Finding a Great Choice Lender



We work with many lending partners across the state.

It's likely that there is already a lender that you work with offering Great Choice loans!

If not, be sure to get your best lending partners in touch with a CAM!



Click on Buy a Home and click on Find a Lender



Click on the blue box in middle of the page



Review the first page for active Great Choice lenders



Mortgage Program Criteria

**YOU MUST PAY THE
PRICE IF YOU WISH TO SECURE
THE BLESSING**

Our Criteria



First-Time Homebuyer



Three Year Rule

- ✓ Owners of mobile or manufactured homes
- ✓ Not taxed or titled as real property
- ✓ Repeat in this case OK

- ✓ Ownership & marital rights
- ✓ Applicants & non-purchasing spouses
- ✓ Must be first time homebuyers unless the deal meets exemption

There are two exceptions:

Veteran and spouse exemptions

Targeted areas

Repeat buyers OK!

Federally Targeted Areas

3

Defined by targeted counties or targeted census tracts

2

First-time homebuyer requirement waived

1

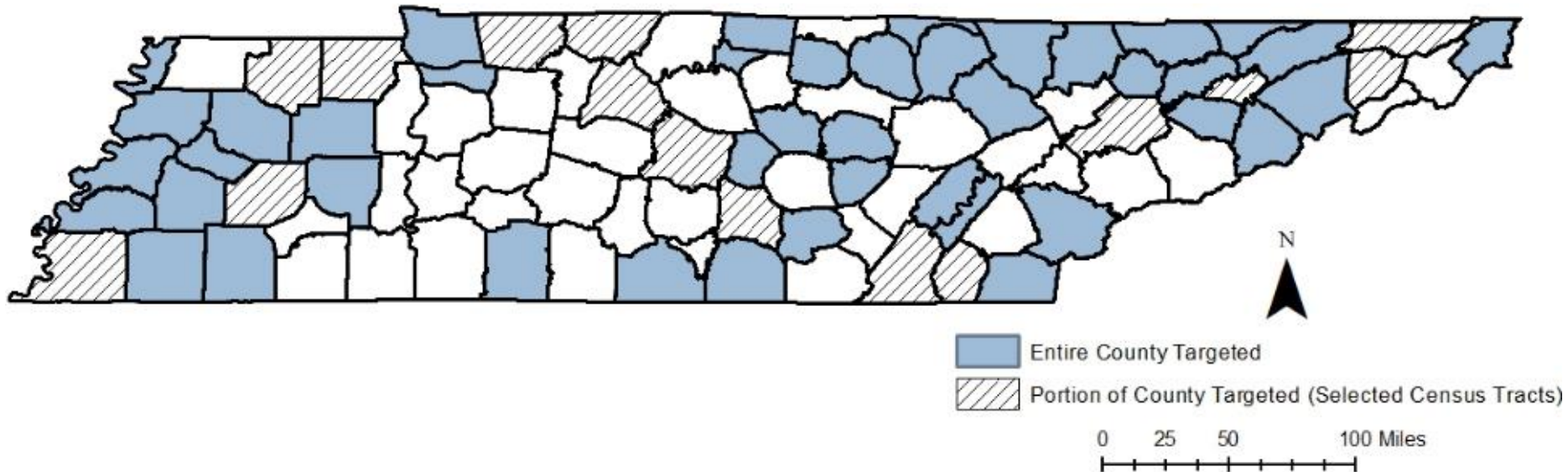
Census tracts and counties shown in OA Guide – Section 3.7 and on interactive map on THDA website

Go to www.thda.org

Click on
Homeownership Partners

Click on “Realtors” and
scroll down to
Targeted Areas

Targeted Areas Map



Use the interactive map tool at www.thda.org for greater detail.

MRB Income Limits



Based on *county and number of people* in the household

- 1 or 2 person household
- 3 or more person household

**We only count the income of mortgage applicants that is likely and reasonable to continue over the next 12 months.*



Click on Homeownership Partners and click on Realtors



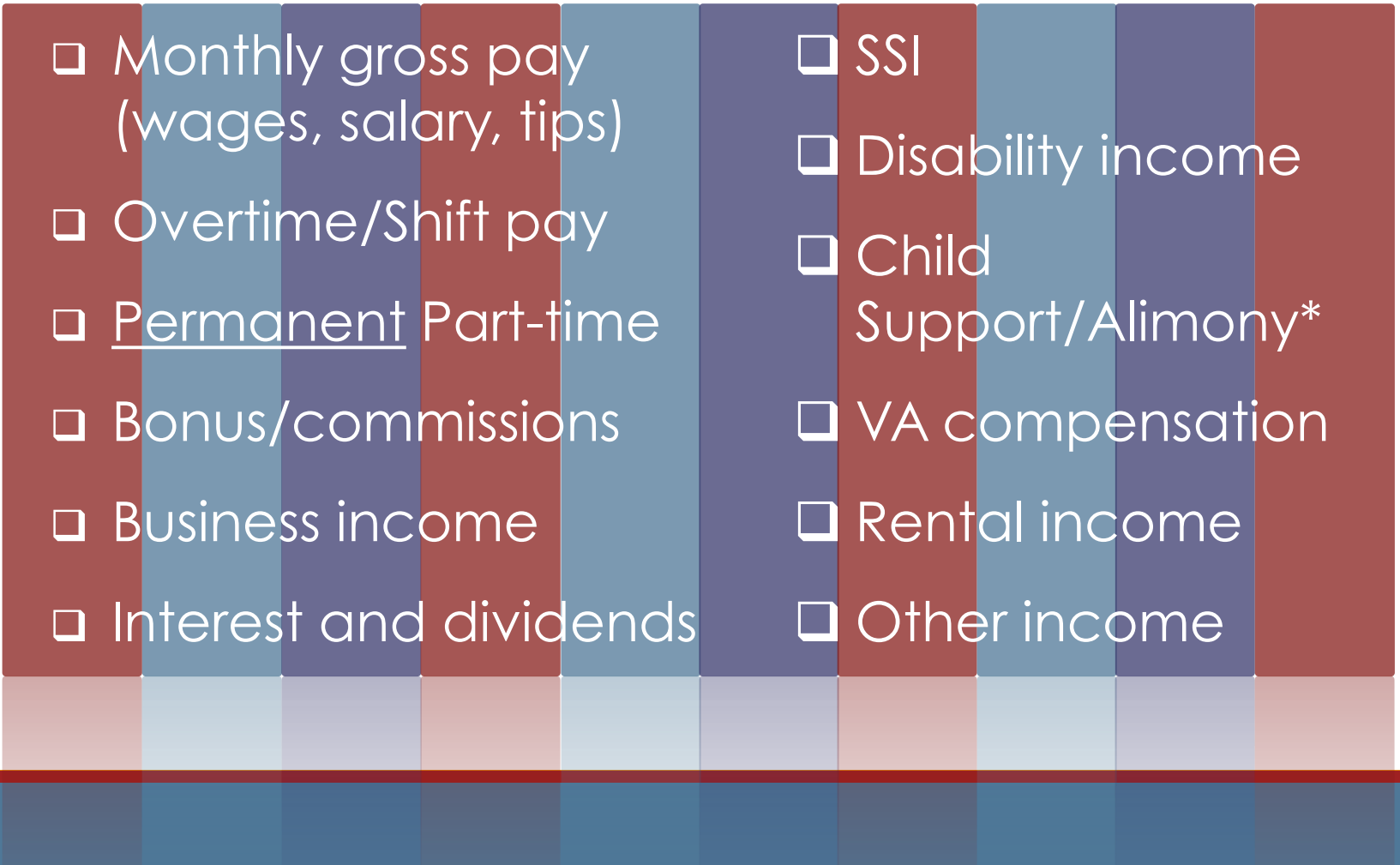
Scroll to “Criteria” in middle of the page



Click on MRB Income Limits

Verification of Eligibility Income

Monthly gross income may include:

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

Acquisition **Cost** Limit

Access these on
the website like
the income limits



Limits vary
by county



Can be used for
EXISTING or **NEW**
CONSTRUCTION



Limits are the same
for both loan types

Single Family Residence



1-4 Unit Residence

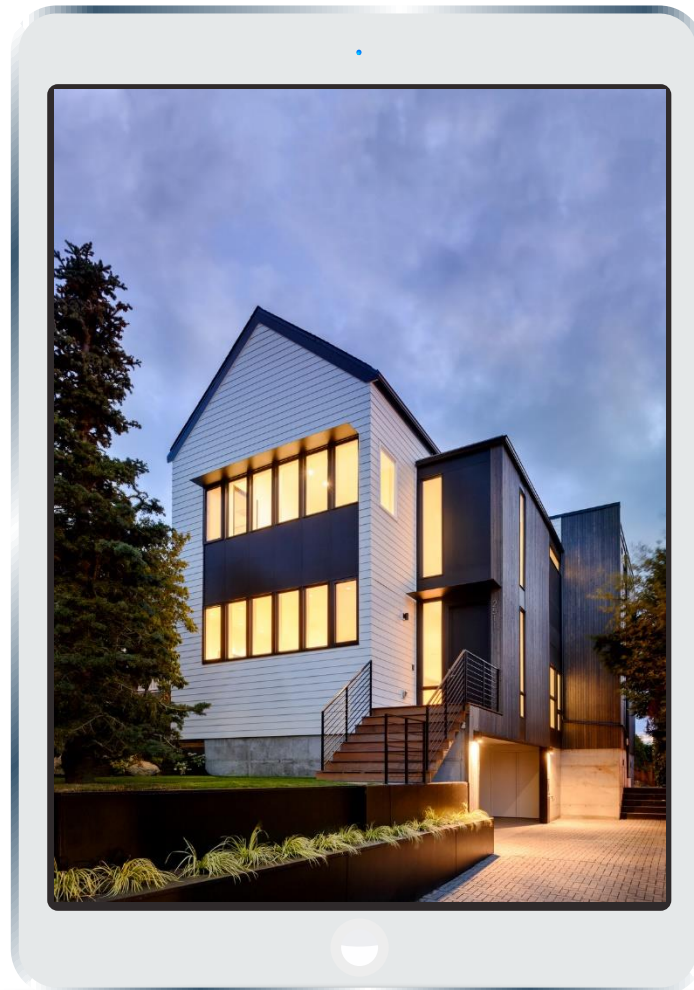
**Not intended for trade
or business use**



No more than 5 acres.



**Allowed: Detached,
Semi-Detached, Condos,
Townhomes, Row-
Houses, Manufactured
Homes, HUD Owned**



**Land value cannot
exceed 40% of
appraised value**



**Appraised values cannot
exceed acquisition cost
by more than 20%**



**HUD-owned
property requires
new appraisal**

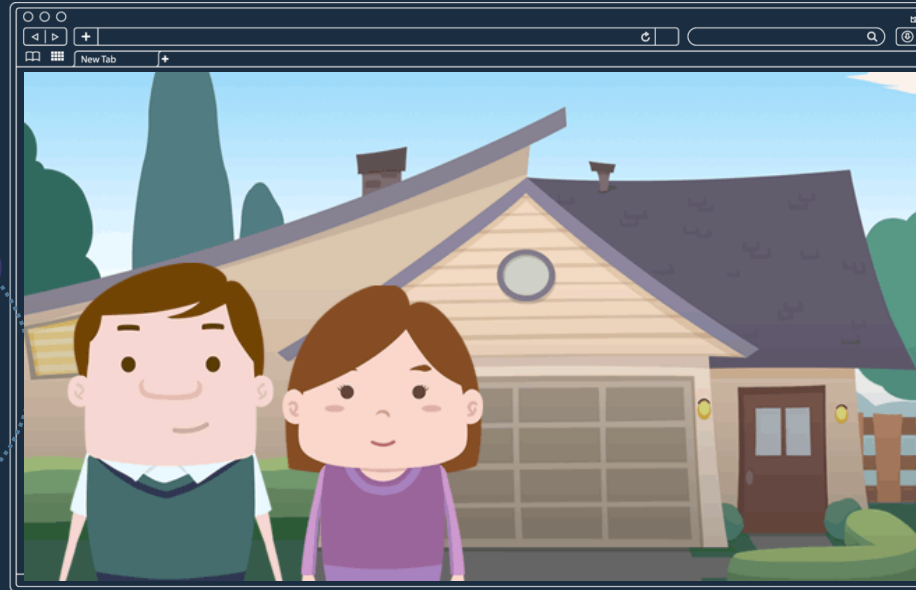
Owner **Occupied** Residence



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



...for the life of the loan.



If the property is ever unoccupied by the THDA applicant, the homeowner will have to move back in or be forced to sell or refinance the property.



THE ONE EXCEPTION...

Active military personnel who have been deployed may rent out their properties for the extent of their deployment. However, they will need to certify their intent to move back into their property after their tour has ended annually.

Credit Score



ALL THDA applicants must have a maximum DTI of 45%



Type of acceptable underwriting:

- Automated – Approve/Eligible
- Manual – req. for No Credit w/non-traditional

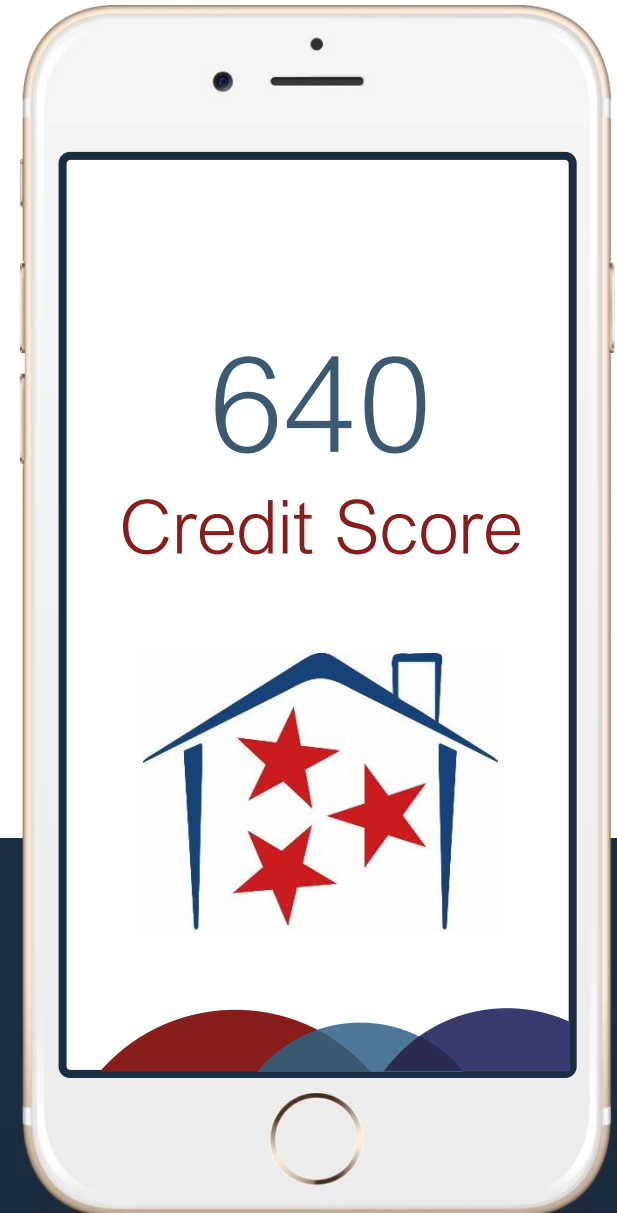


Refer/Caution OK with 1 of 2 compensating factors and 43% DTI



Compensating Factors:

- Two Years in the same career with at least one year in the same position
- Rental history showing good payments for 12 months



“No Score”
Borrowers

- 36% max. DTI
- 2 Months PITI Reserves (may not be gift)
- 3 non-traditional trade lines



THDA 3-2-1-0



Must be 3 years outside of a foreclosure

Must be 2 years outside Chapter 7 Bankruptcy

Must be 1 year outside Chapter 13 Bankruptcy

Cannot have ever had a THDA foreclosure.

Manufactured Homes



Benefits

Affordability

THDA rates lower than standard manufactured home rates

THDA does the de-titling (no fee)

Manufactured Homes



Requirements

Double-wide
Permanent Foundation
Economic Life 30 Years

Homebuyer Education



In-Person Course:
Up to \$99 per Household



On-Line Course:
\$99 per Household



Certificate good for 12 months
All borrowers/co-borrowers must take course

Homebuyer Education

The background of the slide features a stack of four old, leather-bound books. Resting on top of the books is a pair of black-rimmed glasses. Behind the glasses is a white cylindrical container filled with numerous colorful pencils. The entire scene is set against a blurred, light blue background.

55% Fewer
Odds of First
Default
Leading to
Foreclosure

42% Fewer
Odds of
Foreclosure

Better than
“skin in the
game!”

GreatChoiceMarketing.com



Lender Password:
mortgage

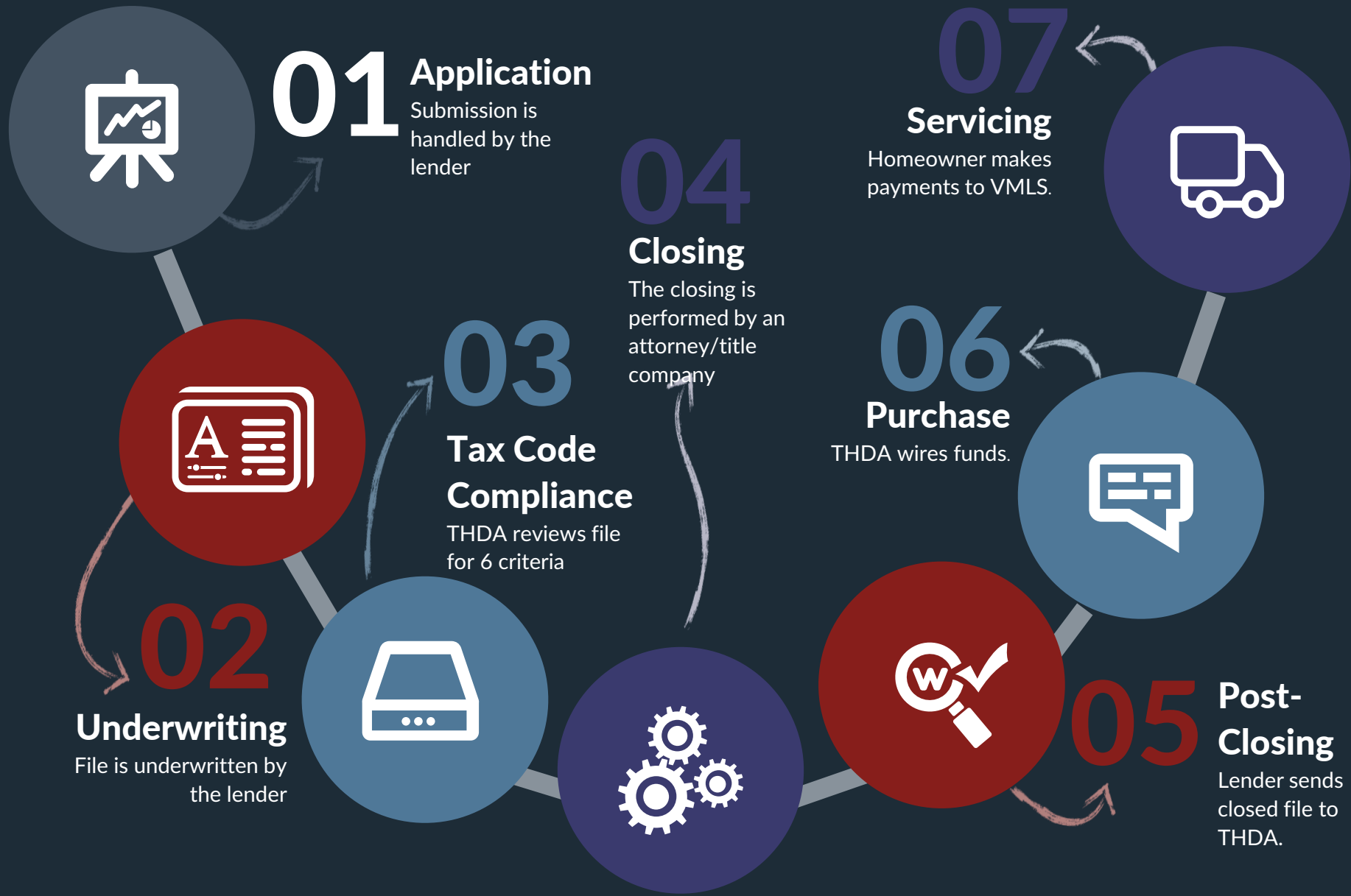


Realtor Password:
downpayment



STEPS TO ACCESS THE GREAT CHOICE PROGRAM VISUALIZE THE PROCESS

Steps to Access Great Choice



Application



Credit Package

Underwriting Submission Checklist

Buyer Profile

Allowable fees from the Borrower to the OA

THDA Declarations

FHA, VA, USDA/RD, Conventional approvals (w/findings)

OA#'s, contact names, numbers & email addresses required

Documentation



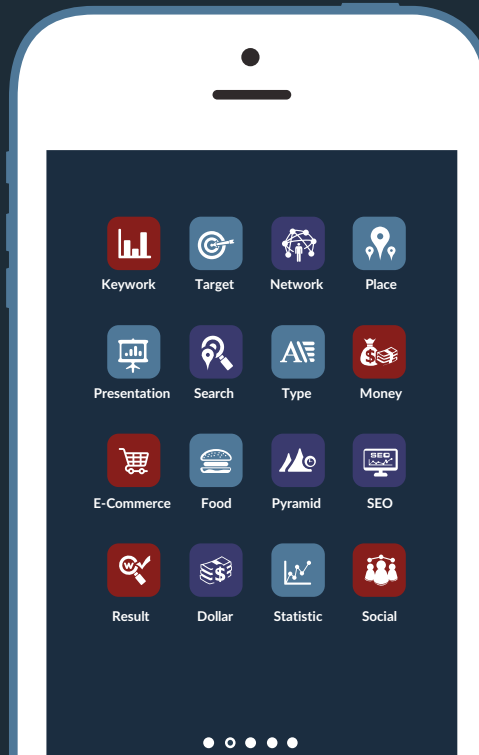
THDA declarations and
Recapture Disclosure



VOE / Paystub



Current bank
statements (previous 2
months)



Most recent one year
Federal Tax Returns
and W-2's.



IRS printouts acceptable
from 3rd party vendors

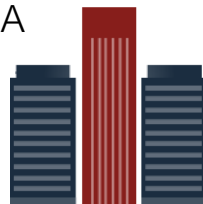


Other documentation to
meet this requirement

Residential History:

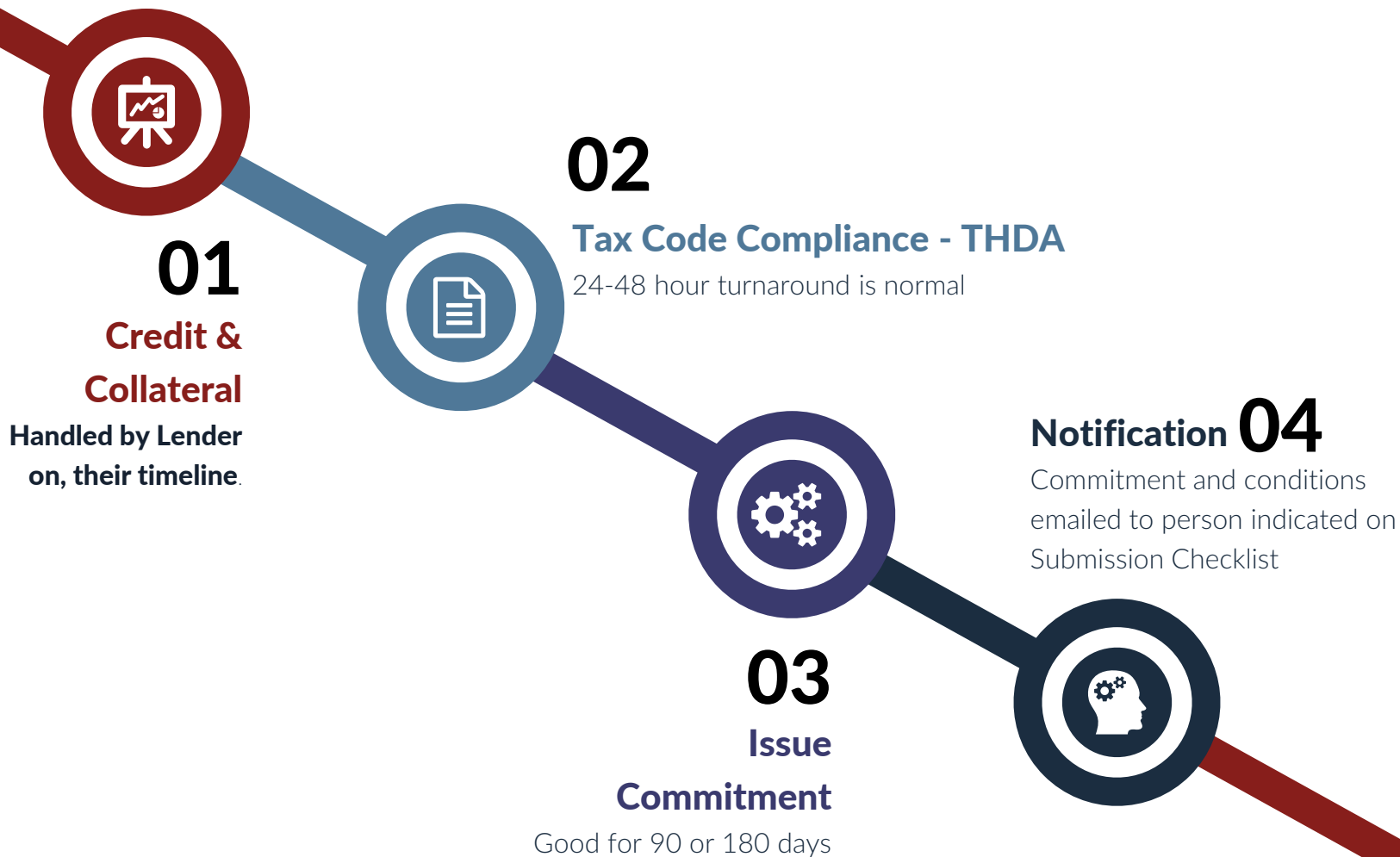
VOR – Required only if previous
3-year homeownership is in
question

Lender is required to obtain 3 years
residency on URLA



Credit Report – Reviewed for previous
mortgage loans, bankruptcies, short
sales, foreclosures, and tax liens

Underwriting



Underwriting Differences

Ch. 13 Bankruptcy

Foreclosure

Household vs. MRB Income Requirements (USDA RD)

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 the same as
with any other investor



THDA is the investor;
wires funds after
closing



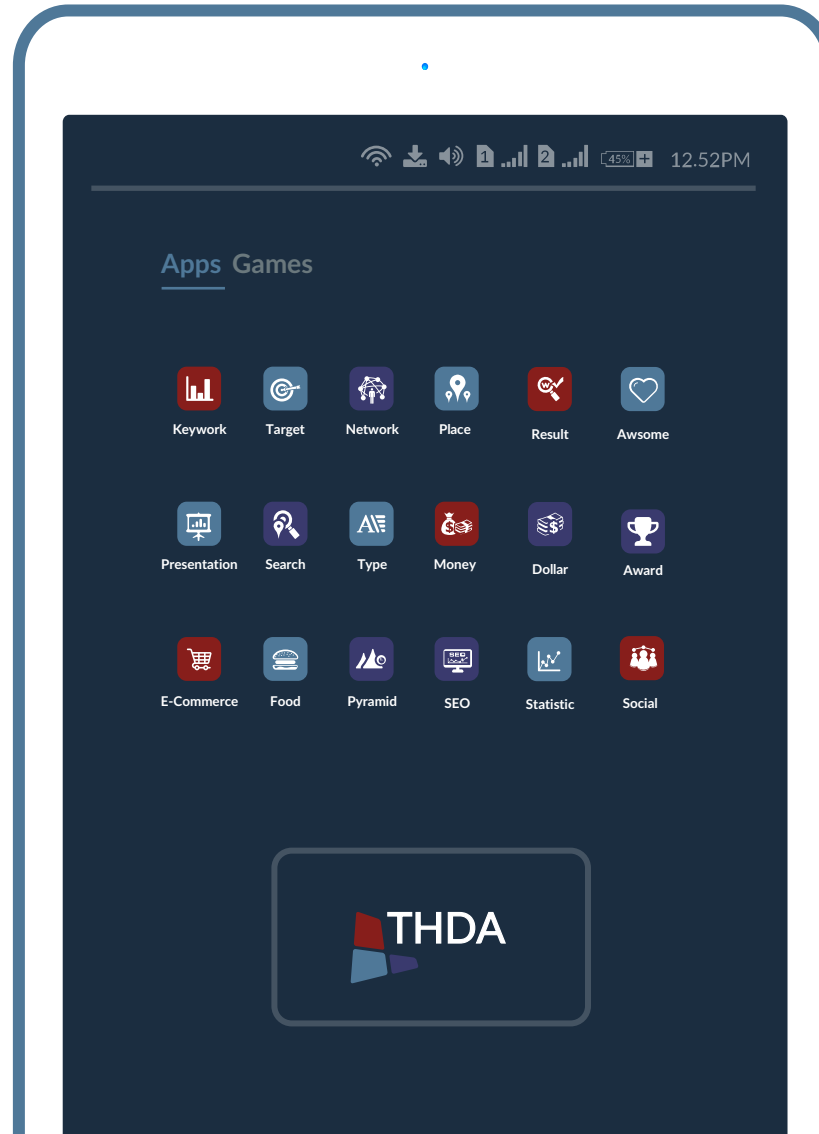
Extra Closing
Documents:



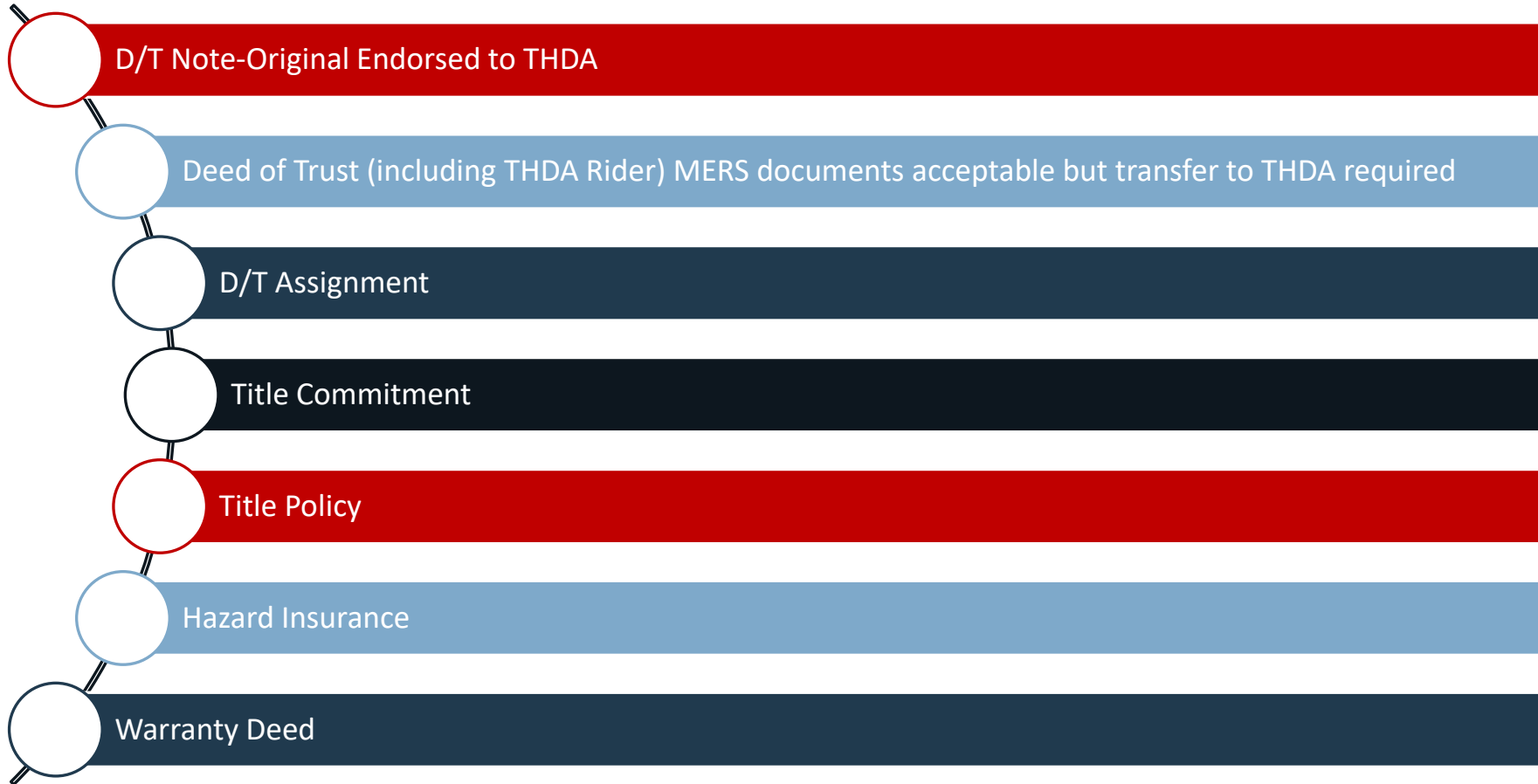
Rider to the 1st Mtg.
Deed of Trust – recorded
simultaneously w/D/T



If PLUS loan, 2nd Mtg. Note,
Deed of Trust, and Legally
Enforceable Obligation
letter



Closing Documents



Post-Closing



Note

Faxed note to
THDA within 24
hours of closing.



Package

Initial closed package
sent to THDA within
10 days of closing
with original
Endorsed Note.



Servicer

Volunteer Mortgage
Loan Servicing is the
servicer and will
receive payments
and pay escrow.



Payment

Buyer's first
payment is due on
the 1st of the 2nd
month after closing.

Payment Address:

Volunteer Mortgage Loan Servicing
P.O. Box 305170
Nashville, TN 37230-5170





RECAPTURE

**UNDERSTANDING THE WAY IT WORKS
WILL HELP YOUR CLIENTS
GET PAST THE BARRIER.**

Recapture

- ✓ IRS imposed tax
- ✓ Only applicable if 3 things happen:
 - ✓ Sell home in 1st 9 years
 - ✓ Realize a net gain on the sale
 - ✓ Income exceeds threshold income
- ✓ Refinance does not trigger recapture, nor does it waive recapture.
- ✓ ***If your client ever pays Recapture, THDA will reimburse them!***

Recapture

- ✓ 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

- ✓ 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 through THDA Training 😊

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



THDA
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Nashville, TN 37243

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GET DIRECTION



THANK YOU SO MUCH