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N O T I C E

ORIGINATING AGENTS GUIDE
REVISION 54

May 21, 2010

Remove and discard:	**Replace with enclosed:**
Page i (Revised 10/01/08) …….…….….	Page i (Revised 05/21/10)
Page ii (Revised 04/01/09) ……..….….	Page ii (Revised 05/21/10)
Page 22 (Revised 04/01/09) ……..…….……	Page 22 (Revised 05/21/10)
	Page 22a (05/21/10)
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	Page 27a (05/21/10)
Underwriting Submission Checklist	
HO-0449 (Revised 01/10) ……..….	HO-0449 (Revised 05/10)

EFFECT OF CHANGE

Effective immediately, THDA will accept applications under FHA's Section 203(h) Mortgage Insurance for Disaster victims, provided they were a **TENANT** who lost the use of their **RENTAL** primary residence due to total or major destruction located within a Presidentially declared disaster area. THDA will offer the Great Rate and Great Advantage mortgage programs.

- Program is in effect for one year from when the President declares the disaster.
- 100% financing for disaster victims whose homes/residences have been either destroyed or damaged to the point that reconstruction is required in a Presidentially declared disaster area.
- The victim/borrower does not have to purchase in the declared disaster areas.
- Find the listed Presidentially declared disaster areas at:
  www.fema.gov/news/eventcounties.fema
- The victim/borrower has to provide proof of permanent residence in the disaster area and proof of destruction of residence with the following recommended documents:
  - Proof of permanent residence: valid driver's license, voter registration card, or utility bills;
  - Proof of destruction of residence: an insurance report, an inspection report by and independent fee inspector or government agency (FEMA), or conclusive photographic evidence showing the destruction or damage.

The following properties are eligible: one unit detached homes, approved condominium projects, or spot loan condominiums.
(Two, three, and four unit properties are not eligible to be purchased in this program)

Closing costs and prepaids can be paid by the buyer, seller, lender, or through THDA down payment/closing costs assistance.

Standard FHA and THDA underwriting guidelines apply for qualification.

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2. FHA, VA or USDA/RD Loans

The Base Loan Amount cannot exceed the appraised value, and cannot exceed THDA's Acquisition Cost limit for the county in which the Property is located. The Total Loan Amount may exceed the maximum Acquisition Cost limit by no more than the amount of financed MIP, funding fee or guaranty fee.

3. FHA 203(h) Mortgage Insurance for Disaster Victims

THDA will accept applications under FHA's Section 203(h) Mortgage Insurance for Disaster victims, provided they were a **TENANT** who lost the use of their **RENTAL** primary residence due to total or major destruction located within a Presidentially declared disaster area. THDA will offer the Great Rate and Great Advantage mortgage programs.

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  - Proof of permanent residence: valid driver's license, voter registration card, or utility bills;
  - Proof of destruction of residence: an insurance report, an inspection report by and independent fee inspector or government agency (FEMA), or conclusive photographic evidence showing the destruction or damage.

The following properties are eligible: one unit detached homes, approved condominium projects, or spot loan condominiums.
(Two, three, and four unit properties are not eligible to be purchased in this program)

Closing costs and prepaids can be paid by the buyer, seller, lender, or through THDA down payment/closing costs assistance.

Standard FHA and THDA underwriting guidelines apply for qualification.

4. Loans with a borrower(s) credit score below 620 MAY NOT be manually underwritten regardless of loan type. Borrower(s) with no credit scores may be manually underwritten using non-traditional credit guidelines in accordance with FHA, VA or Rural Development requirements.

5. All loan submissions with a borrower(s) credit score (middle score or lowest score if only two scores) below 620 are not eligible for THDA funding. Manually underwritten loans are not acceptable regardless of the circumstances with the exception of borrower(s) with no credit scores. These loans may continue to be manually underwritten using non-traditional credit guidelines in accordance with FHA guidelines. The back end ratio (PITI) MAY NOT exceed 45%. These guidelines apply regardless of whether the borrower(s) received an Approve/Eligible or Accept through one of the Automated Underwriting Systems.

6. Other Considerations

a. A Gift of Equity MAY be considered by THDA on a case-by-case basis on an existing home or new construction under certain circumstances. The terms of the Gift of Equity must be stated in the sales contract and MUST be from an immediate family member. Immediate family member is defined as parents, siblings and grandparents. If the home is proposed or under construction, the maximum loan cannot exceed the borrower's actual cost of construction plus the borrower's actual cost of the lot, both of which must be verified. THDA reserves the right to ask for or require additional documentation on any loan with a Gift of Equity.

b. For transactions involving estate sales wherein the Applicant is an heir, the maximum loan amount must be calculated after deducting the Applicant/heir's anticipated share of the sale proceeds.

D. Security

All THDA loans must be secured by a first lien on the Property. In addition, THDA may offer special programs from time to time that allow THDA second mortgages in conjunction with THDA first mortgages.

E. Loan Payment Terms

THDA first mortgage loans must be fully amortized, with level payments, and must be for a term of 30 years in **all** cases. THDA's Stimulus Loan second mortgage loans must also be fully amortized, with level payments, and must be for a term of 10 years in all cases. Under no circumstance may the loan term exceed the economic life of the Property provided in the appraisal report.

F. Prepayment Penalty

Prepayment penalties are not permitted on THDA loans.

I. Great Save Qualified Refinance

Borrowers applying for the Great Save refinance loan program must provide a copy of the original Note for the Qualified Adjustable Rate Mortgage Loan and documentation of the "financial hardship".

J. FHA 203(h) Proof of Permanent Residence

The victim/borrower's previous permanent rental residence must have been in the disaster area and must have been destroyed or damaged to such an extent that reconstruction or replacement is necessary. The victim/borrower must provide conclusive proof of permanent residence with one of the following:

- Valid driver's license
- Voter registration card
- Utility bills

K. FHA 203(h) Proof of Destruction of Residence

The victim/borrower's previous permanent rental residence must have been in the disaster area and must have been destroyed or damaged to such an extent that reconstruction or replacement is necessary. The victim/borrower must provide proof of destruction with one of the following:

- An insurance report
- An inspection report by an independent fee inspector or government agency (FEMA)
- Conclusive photographic evidence showing the destruction or damage

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 must be evaluated.

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 and all payments on the plan were made as agreed, and acceptable credit has been re-established or maintained during this time.

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

C. Previous Default

Applicants with prior foreclosures or deeds-in-lieu are generally not eligible for THDA loan programs for a period of four years from the date of the foreclosure sale.

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. Gift Letters

A properly-documented gift letter, verified in accordance with program insurer guidelines is acceptable to THDA.

Tennessee Housing Development Agency (THDA)
Underwriting Submission Checklist

OA Number: _____ _____ _____ _____
OA Name: _____
OA Address: _____
_____

Primary Applicant: _____
Property Address: _____
_____
_____

Submission Purpose:
- ❑ Initial Submission
- ❑ Supplemental documents
- ❑ Updated documents

Program Type:
- ❑ Great Start
- ❑ Great Advantage
- ❑ Great Rate
- ❑ Stimulus Loan (2nd Mortgage)
- ❑ Great Save (Refinance)

Loan Type:
- ❑ FHA
- ❑ VA
- ❑ USDA/RD
- ❑ Conventional

Property Type:
- ❑ Single Family Detached
- ❑ Condo
- ❑ Manufactured Home
- ❑ Other_____

This loan will: ❑ Close with OA funds (Purchase method)

ASSEMBLE PACKAGE IN ORDER LISTED BELOW AND ATTACH WITH AN ACCO FASTENER AT TOP MIDDLE

THDA PROGRAM ELIGIBILITY

- ❑ 1. Check Request Memorandum (if applicable)
- ❑ 2. Buyer Profile
- ❑ 3. Original Application Affidavit(s), Veteran Exemption Application Affidavit, Great Save Application Affidavit
- ❑ 4 Original Seller Affidavit (notarized)
- ❑ 5. Signed and Dated Tax Returns with all schedules and W-2s for the most recent tax year including non-qualifying spouse
- ❑ 6. IRS Non-Filing Confirmation for most recent tax year including non-qualifying spouse
- ❑ 7. Notice to Applicants Federal Recapture Requirements (signed copy)
- ❑ 8. Great Advantage or Great Start Application for Assistance (if applicable)
- ❑ 9. Homebuyer Education Certification (if applicable)
- ❑ 10. Stimulus Loan Second Mortgage Application Request
- ❑ 11. Stimulus Loan Program Information Statement

CREDIT PACKAGE

- ❑ 12. FHA/Mortgage Credit Analysis Worksheet with condition sheet, **AND** Form 92900A p3, signed by DE Underwriter and DU or LP findings
- ❑ 13. USDA/RHS #1980-18
- ❑ 14. Typed Transmittal Summary (1008) signed by underwriter with DU or LP findings
- ❑ 15. VA/Loan Analysis Worksheet Approval OR VA Certificate of Commitment/DD-214 or DD-4 (if applicable)
- ❑ 16. Initial Good Faith Estimate including a separate GFE for the Stimulus Second Mortgage (if applicable)
- ❑ 17. Final Loan Application (Typed URLA) 1003 (3 year residency should be stated)
- ❑ 18. Initial Interviewer's Signed Loan Application 1003 (3 year residency should be stated)
- ❑ 19. Credit Report and credit explanation letters (if applicable)
- ❑ 20. Final Divorce Decree/Marital Dissolution (if applicable)
- ❑ 21. Verification of Court Ordered Child Support
- ❑ 22. Verification of SSI or Other Assistance
- ❑ 23. Verifications of Employment (verbal is unacceptable)
- ❑ 24. Most Recent Pay Stub (within past 30 days)
- ❑ 25. Verifications of Prior Employment (telephone verification is acceptable)
- ❑ 26. Self-Employment Cash Flow Worksheet, P & L, 2 years Business Tax Returns (corp. or partnership or sole prop.)
- ❑ 27. Verification of Deposit OR Most Recent Bank Statements, as listed on 1003
- ❑ 28. Gift Letter
- ❑ 29. Sales Contract and Addendum (Copy)
- ❑ 30. Appraisal Report (URAR) and Condition Sheet with VC Sheet/USDA-RD Conditions, and executed conditional commitment (928005.b), VA CRV
- ❑ 31. Legible Photos of Subject Property (front, rear, street) and Photos or Photocopies of comparable sales
- ❑ 32. Flood Notification (if applicable, signed by Applicant or certified date mailed to Applicant) (Copy)
- ❑ 33. Grant/Down payment assistance approval letters
- ❑ 34. Documentation required if refinancing a Qualified Adjustable Rate Mortgage loan
- ❑ 35. Copy of Certificate of Title or Manufactured Certificate of Origin (Mobile/Manufactured Homes)
- ❑ 36. FHA 203(h) Proof of permanent residence (if applicable)
- ❑ 37. 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 disclosures required under applicable federal and/or state law have been made; (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 _____