

THDA Homeownership Choices



Common Eligibility Requirements:

THDA mortgages are intended for low- and moderate-income homebuyers. A borrower's household income cannot exceed certain limits. The income limits are based on the size of the household and county in which the property is located.

THDA mortgages are intended for modest homes. The acquisition cost of a new or existing property cannot exceed certain limits that vary by county.

All mortgages must be insured or guaranteed by VA, FHA, RD, or an acceptable private mortgage insurance company for conventional loans with a loan to value ratio greater than 78%.

Generally, THDA mortgages are made to first-time homebuyers. A first-time homebuyer is anyone who has not occupied a home they owned as their principal residence during the past three years. All borrowers obligated on the loan must be first-time homebuyers. The first-time homebuyer requirement is waived when the property being purchased is located in a county, or in a census tract within a county, designated as a "Targeted" area.

THDA mortgages are made only to persons who will use the home as their principal residence. A property can be up to four units, providing the borrower occupies one of the units as his or her principal residence. Rental income from the additional units will count as income towards the borrower's household income limit. A THDA mortgage cannot be used for purchasing investment property, or for a second home, or for property to be used in the operation of a business.

Common Mortgage Conditions:

All mortgages are for 30-year terms at fixed rates. The borrower may not "buy down" the mortgage rate by paying discount points.

All mortgages are assumable, subject to the new buyer meeting THDA qualifying terms, and a borrower may pre-pay mortgage principal without penalty.

All mortgages require some minimum investment by the borrower and require that the borrower have some minimum reserves, based on the kind of mortgage insurance or guarantee.

Homebuyer education/counseling is encouraged, but not required on Great Rate loans. Homebuyer education is required on Great Start, Great Advantage, and Stimulus Mortgage loans.

All mortgages are subject to federal recapture provisions, if the home is sold within the first nine years. A down payment may be required for some loan types and there will be costs associated with closing a loan. The costs required to be paid by the borrower at closing may come from the borrower, the seller, as a gift, or as required or permitted by loan type.