

Ralph M. Perrey, Executive Director



MEMORANDUM

DATE: July 5, 2018

TO: All Originating Agents

FROM: Rhonda Ronnow, Director of Loan Operations

SUBJECT: Change in Areas of Chronic Economic Distress (Targeted Areas) and Income limits

A Targeted Area is a census tract or entire county where the economic conditions and housing market is highly challenged. There are two types of Targeted Areas, Qualified Census Tracts which is designated by HUD, and Areas of Chronic Economic Distress, which are designated by THDA and subject to federal approval. The significance of the targeted designation is that the first time homebuyer requirement does not apply and the income limits are calculated utilizing a higher percentage.

After a recent reconciliation of the 58 counties currently listed by THDA as targeted, it was discovered that 15 counties did not have evidence supporting that designation. Therefore, THDA must make a change in the Targeted Areas affecting 15 counties.

Effective July 20, 2018, the following counties no longer have the designation of Targeted: **Bledsoe, Chester, Clay, Giles, Hardin, Hickman, Loudon, Madison, Marion, Maury, McNairy, Obion, Sequatchie, Unicoi, Wayne**. The Great Choice Mortgage Loan Program is still available in these counties, however, the first time homebuyer requirement must be met or the borrower must be an eligible veteran effective with loans submitted July 20, 2018 and moving forward.

In addition, THDA has received both the HUD income limits and the IRS Rev. Proc. 2018-33 which requires THDA to immediately adjust income limits that are negatively impacted by the new income calculation. Therefore, effective July 20, 2018, THDA is announcing a decrease in household income limits for the following 14 counties: **Bledsoe, Chester, Clay, Giles, Hardin, Hickman, Loudon, Madison, Marion, McNairy, Obion, Sequatchie, Unicoi, Wayne**. All loans submitted July 20, 2018 and moving forward must meet the new income requirements.

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



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