RETAIL CHANNEL

Princeton Mortgage Corporation

THDA GREAT CHOICE & HFA ADVANTAGE

Loan Program Training & Rollout

for Sales

Great Choice • Great Choice Plus • Freddie Mac HFA Advantage

Training Date: Friday, August 14, 2026

Encompass & Optimal Blue Live: Monday, August 17, 2026

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WHO IS ELIGIBLE TO PARTICIPATE?

Any PMC loan officer licensed in Tennessee who has completed THDA-sponsored training is eligible to participate.

1

Licensed in Tennessee

The loan officer must hold an active Mortgage Loan Originator (MLO) license in the state of Tennessee.

2

THDA-Sponsored Training

The loan officer must have completed THDA-sponsored training on the Great Choice and HFA Advantage programs if the loan officer has not originated THDA loans previously.

Both requirements must be met before originating THDA Great Choice or HFA Advantage loans.
THDA Portal access: *once a loan officer has attended a THDA-sponsored training, contact the Genius Bar at helpme@princetonmortgage.com to request access to the THDA portal.*

WHAT WE'LL COVER

01 **Program Overview**
Great Choice, Homeownership for Heroes & HFA Advantage

02 **Great Choice Eligibility**
Borrower, income, property & credit requirements

03 **HFA Advantage Eligibility**
Freddie Mac requirements & side-by-side comparison

04 **Homebuyer Education**
Requirements, benefits & approved providers

05 **Pricing, Fees & Loan Setup**
Rate locks, fees & fee templates, PMC overlays, Encompass setup & key forms

06 **Resources & Quick Reference**
For THDA guideline questions or scenarios, email Scenarios@princetonmortgage.com

SECTION

PROGRAM OVERVIEW

Why THDA?

Two first mortgage options, plus down payment assistance — built for Tennessee homebuyers

FIRST MORTGAGE PRODUCTS

Great Choice

30-Year Fixed Rate

- FHA, VA, USDA loan types
- THDA sets the interest rate
- Open to all eligible applicants (first-time homebuyer rule applies)

Homeownership for Heroes

A reduced-rate option under Great Choice — same 30-year fixed FHA, VA & USDA terms.

Eligible: Firefighters, State/Local Law Enforcement, EMTs & Paramedics, Veterans, Active-Duty Military, Reservists, National Guard, and K-12 full-time teachers (public & private TN schools).

Freddie Mac HFA Advantage

Conventional — Mortgage Backed Security

- No first-time homebuyer requirement
- 97% LTV / 105% CLTV*
- MI cancellation available — no upfront MI required

**LTV/CLTV varies by property type — see HFA Advantage requirements for details.*

DOWN PAYMENT ASSISTANCE OPTIONS

Plus DPA — Repayable

5% of the lesser of Sales Price or Appraised Value

Up to $15,000 toward down payment and/or closing costs

Has a monthly payment

Interest rate matches the first mortgage

30-year term

Repaid if the loan is refinanced or sold before the 30-year term ends

Plus DPA — Forgivable

Great Choice: up to $6,000 or $10,000 | HFA Advantage: up to $6,000

Toward down payment and/or closing costs

No monthly payment

Forgiven after 10 years

Repaid if the loan is refinanced or sold before the 10-year term ends

Important: DPA funds cannot be used to pay off debts at closing. DPA also becomes due if the borrower stops occupying the property as their primary residence, or if the first mortgage is refinanced or paid off (Form HO-3000).

SECTION

GREAT CHOICE ELIGIBILITY

Great Choice Eligibility & Underwriting

Borrower, income, property and credit requirements

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GREAT CHOICE — PROGRAM REQUIREMENTS

First-Time Homebuyer Rule

Borrower(s) must not have owned and occupied a residence in the prior 3 years (36 months) — unless buying in a targeted area or exempt (see Special Borrower Situations).

Owner Occupied

Primary residence only; applicant(s) must occupy within 60 days of closing. Business use prohibited.

MRB Income Limits

All income of borrower(s) listed on the URLA; any person expected to live in the residence and be liable on the mortgage note.

Single Family Residence

Up to 4 units (HUD definition) with 1 unit owner-occupied.

Acquisition Cost Limit

All 95 counties: $500,000 sales price limit. Minimum first mortgage loan amount: $73,400 (PMC overlay).

Credit Score & DTI

640 minimum middle credit score; 45% maximum DTI (see Credit Score & DTI matrix).

GREAT CHOICE — CREDIT SCORE & DTI

Approve / Eligible

45%

640 minimum middle score

Refer / Eligible

43%

Must be manually underwritten

640 minimum middle score

1 month PITI reserves required (not a gift)

Must meet 1 of 2 overlays:

• 12 months rent verification

• 2-yr job history w/ 12 mo at current employer

No Credit Score

NOT ELIGIBLE FOR FINANCING

PMC overlay — a qualifying credit score is required. THDA's no-score manual underwriting path is not permitted.

GREAT CHOICE — OCCUPANCY & PROPERTY REQUIREMENTS

Primary Residence

Applicant(s) Occupied

Occupied Within 60 Days

BUSINESS USE PROHIBITED

Single Family Residence — Maximums

Land	**5.0 acres max**
Appraised value over acquisition cost	**20% max**
Land value of appraised value	**40% max**

Eligible Building Types (up to 4 units, HUD definition — 1 unit owner-occupied)

- Detached
- Semi-Detached
- Condos
- PUD
- Townhomes
- HUD Owned-Insurable (203b)
- Manufactured Homes — PMC overlay: double-wide or larger only; single-wide not eligible

GREAT CHOICE — SPECIAL BORROWER SITUATIONS

Non-Borrowing Spouse

- Cannot have owned a principal residence in the past 3 years unless the property being purchased is in a targeted area
- Applicant and spouse must both be first-time homebuyers
- Must sign an original Application Declaration
- May sign the Deed of Trust if named on the sales contract, title commitment, or required by the settlement company

Repeat Homebuyers & Targeted Areas

- Repeat buyers may qualify if buying in 1 of 43 targeted counties
- ...or a targeted census tract in 15 additional counties
- ...or a qualified military member/spouse using the Veteran Exemption
- In targeted areas, the first-time homebuyer requirement is waived

Military Borrowers

- Homeownership for Heroes: Veterans, retired military, active duty (re-enlisted), eligible spouses, National Guard, Reservists
- Veteran Exemption requires a copy of VA Form DD-214 or DD-4
- Must not have previously received a bond-financed mortgage under this exemption

SECTION

HFA ADVANTAGE ELIGIBILITY

Freddie Mac HFA Advantage

Conventional financing with THDA down payment assistance

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FREDDIE MAC HFA ADVANTAGE — OVERVIEW & REQUIREMENTS

Program Benefits

- Down payment assistance available
- No first-time homebuyer requirement
- 97% LTV / 105% CLTV*
- MI cancellation available — no upfront MI required

Requirements

- Submit through Loan Product Advisor (Freddie Mac)
- MBS income limits apply — consult Freddie Mac's website for 80% AMI limits
- Must identify the loan as HFA Advantage®
- Owner-occupied only

LP ACCEPT / ELIGIBLE ONLY

No manual underwriting

97%/105%*

Max LTV / CLTV

18%

MI coverage, or as required by Freddie*

Call 1-800-FREDDIE (373-3343) for program support.

PMC Overlay: MI for HFA Advantage must be non-delegated.

*Varies by property type — see Comparison Matrix.

GREAT CHOICE VS. HFA ADVANTAGE — COMPARISON MATRIX

	Great Choice	Freddie Mac HFA Advantage
Product Execution	Mortgage Revenue Bond	Mortgage Backed Security
Loan Type	Government loans & uninsured conventional	Conventional insured >78%
Credit Score	640 minimum**	Per Freddie Mac LPA Accept
LTV — SFR, Condo, PUD, Townhome	Varies per agency guidelines, 96.5–100%	97%
CLTV/TLTV — SFR, Condo, PUD, Townhome	Varies per agency guidelines	Max 105%
LTV — Mfg. Home & 2–4 Units	Varies per agency guidelines, 96.5–100%	95%
Debt-to-Income Ratio	45%**	Per Freddie Mac LPA
Underwriting Type	AUS approved or refer/eligible**	LPA Accept — HFA Advantage only
Property Standards	Must meet agency requirements	Freddie Mac standards
Income Limits (<80% AMI)	County limits — see THDA website	18% MI coverage (95.01–97%)
Income Eligibility	Qualifying & MRB income	Qualifying income
Ownership of Other Property	**No†**	One additional property allowed (not THDA-financed)
Non-Occupant Co-Borrower	Not allowed	Not allowed

***Great Choice: max DTI 45% approve/eligible (43% refer/eligible manual UW) — see Credit Score & DTI matrix.*
†Great Choice: case-by-case exceptions may be considered by THDA — for example, an inherited property or another situation involving a property not owner-occupied in the most recent 3 years.

SECTION

HOMEBUYER EDUCATION

Homebuyer Education & Application Process

Required for all Great Choice and HFA Advantage borrowers

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HOMEBUYER EDUCATION — REQUIREMENTS & BENEFITS

WHY IT MATTERS

42%

lower odds of foreclosure

55%

lower odds of first default escalating to foreclosure

for borrowers who complete homebuyer education

Course Options

Classroom Style Course

In-person course through a THDA-approved provider.

Online — eHome America

Self-paced online course through THDA's approved online provider.

Important Tips

- Certificate of Completion is valid for 12 months
- No refunds — the course has value regardless of the mortgage program used
- Can be added as a pre-paid expense on the Closing Disclosure
- Meets HUD-approved housing counseling requirements
- STEP IN discount available for State of TN employees

Required for all borrowers — including repeat buyers who have owned a home previously.

HOMEBUYER EDUCATION — BEST PRACTICE TIPS

Start As Early As Possible

Have homebuyers register and begin the course right away — signing up and finishing takes time, and each borrower needs a certificate prior to closing.

Register Every Borrower by Name

Every borrower must complete the course. If borrowers register together or attend the same online session, list the names of all homebuyers on that registration.

1-Hour THDA Counseling Session

After homebuyer education is complete, THDA requires all borrowers to attend a one-hour THDA counseling session. Schedule it as soon as the course is finished so it does not hold up the file.

Be Proactive

Get homebuyer education completed as soon as possible — protect your closing date.

Required for all borrowers on Great Choice and HFA Advantage — including repeat buyers. Certificates of Completion are valid for 12 months.

PRICING & LOCKING

Available in Optimal Blue

Effective **Monday, August 17, 2026**, THDA Great Choice & HFA Advantage pricing and rate locks will be available within PMC's Optimal Blue for retail originations.

Rate Lock Terms

30 days for existing and new/proposed construction.

Select the Program Before You Lock

Select the Encompass program name shown in this presentation on the loan BEFORE locking — it drives the automated conditions and business rules. Once the loan is locked in Optimal Blue, the program codes will be overwritten.

THDA loans are to be locked with PMC Secondary via Optimal Blue.

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ALLOWABLE FEES & LENDER COMPENSATION

Up to 1% Origination Fee

No Discount Fees

Insurer/Servicer 3rd-Party Fees Allowable

Lender Fees: Reasonable & Customary — not to exceed $1,800

Lender Compensation

1%

Compensation paid at time of purchase on loans closed & delivered within the commitment period

The $1,800 maximum lender fee does not include the up to 1% origination fee.

FEE TEMPLATES — LOAN ESTIMATE SETUP

Applies to First and Second Mortgage Loan Estimates for Great Choice, Great Choice Plus, Homeownership for Heroes, and HFA Advantage — fee structures are consistent across products.

First Mortgage Template

- Max allowable PMC fees: $1,800 — includes regular PMC fees (excludes the $75 tax service fee and the up to 1% origination fee)
- 1% Origination Fee — charged by Princeton, excluded from the $1,800 cap
- No discount points/fees permitted
- $75.00 Tax Service Fee — excluded from the $1,800 cap
- Homebuyer Education Certificate (est. $100/borrower) — may be added as a pre-paid expense

Second Mortgage Template

Allowable fees include:

- Customary recording fees
- Prepaid interest (payment-option DPA)
- Mortgage transfer fees
- Settlement Fee — cannot exceed $200 (not permitted with a Partial Exemption Disclosure)

THDA UNDERWRITING GUIDELINES

Bankruptcies / Foreclosures

3 yrs from foreclosure sale • 2 yrs from Ch. 7 • 1 yr from Ch. 13 • 7 yrs from a THDA foreclosure

Tax Liens / Liabilities

Must be paid in full; established payment plans accepted if they meet insurer guidelines and are current

Child Support

Counted toward income eligibility if used to qualify, received consistently, and likely to continue 12 months

Bank Statements

Large/recurring deposits must be explained per insurer/guarantor guidelines and AUS findings

Co-Signers

Not permitted — all persons on the loan must occupy the property

MRB Income Limits

All persons 18+ on the URLA and liable on the note; non-occupant spouses verify residency only

3-Year Residency

3 years of residency history on the 1003 required to verify first-time homebuyer status

Tax Returns

Minimum 1 year required (2 years + YTD P&L if self-employed); all schedules/attachments; signed 4506-C

Earnest Money Deposit

THDA requires the earnest money deposit to be satisfactorily documented on all loans

All loans must be QM compliant and must pass the Mavent compliance tool.
These are THDA program guidelines. PMC-specific overlays are covered on the next slide.

PMC OVERLAYS

Minimum Loan Amount

$73,400 minimum first mortgage loan amount statewide.

Credit Score Required

A qualifying credit score is required for all borrowers — THDA's no-score manual underwriting path is not permitted.

Manufactured Homes

Must be double-wide or larger — single-wide not eligible.

HFA Advantage MI

Mortgage insurance must be non-delegated.

HPML

No HPML permitted.

These overlays are PMC-specific and go beyond standard THDA guidelines. See the previous slide for THDA program underwriting guidelines.

ENCOMPASS PROGRAM SETUP — PROGRAM NAMES

Select the Encompass program that matches the borrower's first mortgage and DPA choice. Second mortgage programs are paired automatically with their first mortgage.

Great Choice	Homeownership for Heroes	HFA Advantage
THDA GreatChoice 1st Standalone *1st Mtg — no DPA*	**THDA GreatChoice 1st HFH Standalone** *1st Mtg — no DPA*	**THDA HFA Advantage 1st Standalone** *1st Mtg — no DPA*
THDA GreatChoice 1st Plus NoPymt DPA *1st Mtg — pairs with 6k/10k DPA*	**THDA GreatChoice 1st HFH Plus NoPymt DPA** *1st Mtg — pairs with 6k/10k DPA*	**THDA HFA Advantage 1st Plus NoPymt DPA** *1st Mtg — pairs with 6k DPA*
THDA GreatChoice Plus NoPymt DPA 6k / 10k *2nd Mtg — forgivable*	**THDA GreatChoice Plus HFH NoPymt DPA 6k / 10k** *2nd Mtg — forgivable*	**THDA HFA Advantage Plus NoPymt DPA 6k** *2nd Mtg — forgivable*
THDA GreatChoice 1st Plus Payment DPA *1st Mtg — pairs with Payment DPA*		**THDA HFA Advantage 1st Plus Payment DPA** *1st Mtg — pairs with Payment DPA*
THDA GreatChoice Plus Payment DPA *2nd Mtg — repayable*		**THDA HFA Advantage Plus Payment DPA** *2nd Mtg — repayable*

Auto-Populated Conditions: PMC has pre-built a standard condition set for each loan program — conditions auto-populate in Encompass once the program is selected.

Information is current as of the training date. For the most recent updates, visit thda.org. For any guideline or scenario questions, contact Scenarios@princetonmortgage.com.

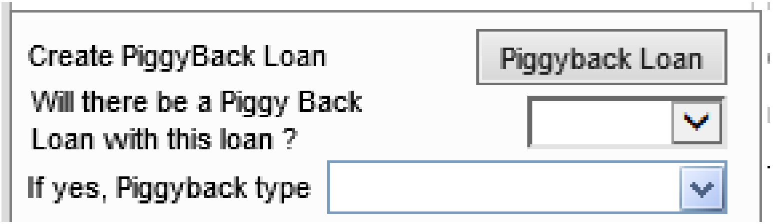
ENCOMPASS — CREATING THE LINKED DPA 2ND

Originating with a DPA 2nd?

In the Princeton Process Screens in Encompass, you'll be asked whether there is an associated 2nd mortgage on the loan.

Answer Yes, Then Pick the DPA

Choose "Yes," then select the applicable DPA from the drop-down. That triggers creation of a linked 2nd mortgage file.



Questions on this process?

Contact the Genius Bar at helpme@princetonmortgage.com.

Program names for the first and second mortgage are on the previous slide.

KEY THDA FORMS — REQUIRED PRIOR TO CLOSING

HO-0450	**Application Declaration**	**Great Choice, Great Choice Plus & Homeownership for Heroes (MRB loans).** First-time homebuyer / targeted area certification, household size, MRB income & acquisition cost — signed by all applicants & non-qualifying spouse
HO-0460	**Veteran Exemption Application Declaration**	**Great Choice, Great Choice Plus & Homeownership for Heroes (MRB loans).** Replaces HO-0450 when the Veteran Exemption is used; requires DD-214 or DD-4 attached
HO-0448	**Federal Recapture Tax Notice — Application Disclosure**	**Great Choice, Great Choice Plus & Homeownership for Heroes (MRB loans).** Required at application; discloses possible recapture tax and THDA's recapture reimbursement policy
HO-0451	**Seller Declaration**	**Great Choice, Great Choice Plus & Homeownership for Heroes (MRB loans).** Seller certifies the total amount to be paid for the residence
THDA Form 578	**Conventional Lender Condo Project Approval**	**HFA Advantage — condo purchases only.** Lender certifies the condo project meets Fannie Mae / Freddie Mac eligibility

Information is current as of the training date. For the most recent updates, visit thda.org. For any guideline or scenario questions, contact Scenarios@princetonmortgage.com.

SECTION

RESOURCES & QUICK REFERENCE

Resources & Quick Reference

THDA contacts and where to find answers fast

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RESOURCES & QUICK REFERENCE

On THDA.ORG / Lender Page

- Originating Agents Guide
- Program forms
- Income & acquisition cost limits
- Homebuyer education (HBEI) links
- Lender memos & AllRegs library

PMC Scenario Desk

Guideline & Scenario Questions

Scenarios@princetonmortgage.com

THDA Portal Access

Genius Bar: helpme@princetonmortgage.com

A copy of this presentation will be posted on the HUB (PMC intranet).
PMC provides all Princeton loan officers with access to AllRegs.

QUESTIONS?

Sales / Loan Officers: Scenarios@princetonmortgage.com

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Ready to Get Started?

1. Review this PMC presentation and associated materials, familiarize yourself with the THDA.org lender website, and review the Credit Score & DTI matrix and PMC overlays before your next THDA file

2. Contact Scenarios@princetonmortgage.com with any guideline or scenario questions