

**Tennessee Housing Development Agency (THDA)
Stimulus Loan Program Information Statement**

To assist you in purchasing your home, the Tennessee Housing Development Agency ("THDA") is providing a second mortgage loan to fund your down payment and closing costs in an amount up to 3.5% of the price of the home you purchased (the "THDA Stimulus Loan"). THDA is providing the THDA Stimulus Loan because you are eligible for a federal tax credit for first-time homebuyers. This federal tax credit is likely to be in the form of a federal tax refund that is paid to you after you have properly filed your federal income taxes for 2008 or 2009. You may be eligible for this federal tax credit even if you are not required to pay federal income taxes in 2008 or 2009.

The easiest way to re-pay the THDA Stimulus Loan is to use your federal tax refund to do so and to make this repayment before June 1, 2010. If you do this, you will not be required to pay interest on the THDA Stimulus Loan you receive.

This information statement provides you with information about the THDA Stimulus Loan and the federal tax credit.

THDA Stimulus Loan Terms

- The THDA Stimulus Loan is secured by a second deed of trust, which means you cannot sell or refinance your home until the loan is paid. If you fail to make payments, when due, on the THDA loan, secured by a first deed of trust, that enabled you to purchase your home (the "THDA First Loan"), you will be in default under the THDA First Loan and under the THDA Stimulus Loan.
- June 1, 2010: Last date that you can repay the THDA Stimulus Loan with no interest.
- If the THDA Stimulus Loan is not paid by June 1, 2010, then interest, equal to 1% above the interest rate on the first mortgage, will be charged and you will be required to make equal monthly payments of principal and interest on the THDA Stimulus Loan for 10 years, with interest, beginning July 1, 2010, and if you miss any of those payments the THDA Stimulus Loan can be declared in default.
- THDA recommends that you use your federal tax credit refund to repay the THDA Stimulus Loan, even if your refund is less than the THDA Stimulus Loan amount.
- If you choose not to repay the THDA Stimulus Loan with your federal tax credit refund, you will still be obligated to repay the THDA Stimulus Loan according to its terms.

Federal Tax Credit

- This federal tax credit is a refundable credit for 10% of the purchase price of your home, up to a maximum of \$8,000, if your home is purchased before December 1, 2009.
- This federal tax credit is available only to first time homebuyers and varies based on your income.
- If you sell or move from your home within three years from purchase, unless you meet certain very limited exceptions, this federal tax credit must be repaid to the federal government as taxes for the year of the sale. Even if this occurs, you will still be obligated to repay the THDA Stimulus Loan.
- Claim this federal tax credit on IRS Form S405. You should consult a tax preparer for information to assist you in completing IRS Form 5405 in connection with this federal tax credit.

In consideration for the THDA Stimulus Loan, the undersigned hereby agree(s) and acknowledges:

- 1) To file the required forms to receive the federal first-time homebuyer tax credit with my 2008 or 2009 federal income tax return.
- 2) That failure to repay the THDA Stimulus Loan by June 1, 2010, will result in monthly payments of principal and interest for 10 years beginning July 1, 2010.
- 3) The federal first-time homebuyer tax credit must be repaid if I sell or move from my home within three years from the purchase, unless I meet certain very limited exceptions, and I will still be obligated to repay the THDA Stimulus Loan.
- 4) The proceeds of this THDA Stimulus Loan are being used to help me buy my first home by paying closing costs and down payment.

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DATED: _____