

Ralph M. Perrey, Executive Director



MEMORANDUM

DATE: January 24, 2017
TO: All Originating Agents
FROM: Rhonda Ronnow, Director of Loan Operations
SUBJECT: **New Down Payment Assistance Program**

THDA would like to announce a new program **effective March 1, 2017**, the Hardest Hit Fund Down Payment Assistance (HHF-DPA) second mortgage loan program. THDA received approval from the U.S. Department of Treasury to commit \$60 million in federal funding for the purchase of existing homes in 55 designated ZIP Codes across the state. The source of this funding is U.S. Treasury's Hardest Hit Fund (HHF), which was established in the aftermath of the mortgage market crisis to help homeowners at risk of losing their homes to foreclosure. Applicants who apply for the HHF-DPA second mortgage loan must qualify and obtain THDA's Great Choice first mortgage loan.

As stated in last week's webinars, all marketing and training materials must be approved by THDA.

Designated ZIP Codes

37037	37172	37321	37716	37921	38107	38128
37040	37186	37323	37721	37924	38109	38133
37042	37207	37404	37813	38012	38111	38134
37073	37208	37406	37821	38016	38115	38135
37086	37217	37411	37871	38018	38116	38141
37110	37218	37412	37912	38053	38122	38301
37115	37303	37416	37914	38063	38125	38305
37148	37311	37660	37917	38105	38127	

The HHF-DPA second mortgage loan will be a \$15,000, 10-year term, 0% interest, deferred second mortgage lien; and must **close simultaneously with THDA's Great Choice first mortgage loan**. Repayment is required if the borrower sells or refinances the home before year 10 of the loan. The second mortgage lien is forgiven at 20% per year starting at year six, and



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fully forgiven at the end of year 10. The loan is for existing homes only; new construction is excluded.

For example, if a borrower closed on their loan on March 1, 2017, the principal reduction would occur as follows:

Through March 1, 2022	\$15,000
March 1, 2023	\$12,000
March 1, 2024	\$9,000
March 1, 2025	\$6,000
March 1, 2026	\$3,000
March 1, 2027	\$0

The Originating Agent will be able to access all forms specific to the Great Choice HHF-DPA second mortgage loan on the THDA website. They are as follows:

- Disclosure of Loan Terms for HHF-DPA
- HHF DPA Program Certification
- HHF-DPA Good Faith Estimate
- HHF-DPA Loan Program Second Promissory Note
- HHF-DPA Loan Program Subordinate Deed of Trust

The Enforceable Obligation Letter will continue to be sent to the Originating Agent at the time of THDA loan commitment. The borrower is required to sign this document prior to or at closing. A draft of this letter is also available to view on the THDA website.

The Application for Assistance (HO-0573) has been eliminated, and the Disclosure of Loan has been modified to include this information. There is a disclosure for the Great Choice Plus (HO-0574) and a disclosure form for the HHF-DPA loan (HO-0574-HHF).

The Underwriting Submission Checklist (HO-0549) has been revised to include HHF-DPA.

If you would like THDA to provide additional training for your company or joint training with your real estate partners on the HHF-DPA mortgage loan program or our Great Choice Plus mortgage loan, please let us know. Please note that marketing and training materials must be approved by THDA.

Please feel free to contact THDA directly at 615-815-2100 or by email to SFask@thda.org with any questions. Thank you for your continued participation in THDA's mortgage programs.