

Ralph M. Perrey, Executive Director



MEMORANDUM

DATE: June 15, 2020

TO: THDA Originating Agents

FROM: Rhonda Ronnow, Director of Single Family Loan Operations

SUBJECT: **Second Mortgage Program Changes**

THDA would like to announce upcoming program changes to the Great Choice Plus second mortgage loan program. Effective with loan applications requesting down payment assistance locked on **July 1, 2020**, the second mortgage loan will change to be an amortizing mortgage loan with the following terms.

- Second mortgage loan amortized over a 15 year term, and the interest rate will be equal to the first mortgage interest rate. Second mortgage will be locked automatically with the first mortgage lock.
- Sales price less than \$150,000; second mortgage loan amount is equal to \$6,000
- Sales price equal to or more than \$150,000; second mortgage loan amount is equal to \$7,500
- The second loan is subject to repayment in its entirety if the property is sold or refinanced.

This change will bring our Great Choice Plus mortgage loan program in line with the new GC-97 Plus Freddie Mac program that THDA is offering this summer.

Since the second mortgage is a standard amortizing second mortgage, the Fannie Mae/Freddie Mac mortgage note is acceptable. THDA's second mortgage no longer qualifies for the TRID partial exemption, therefore THDA is discontinuing the following forms from our website:

- Disclosure of Loan Terms for Great Choice Plus Second Mortgage Loan
- Good Faith Estimate
- Great Choice Settlement Statement

The Originating Agent will generate the loan estimate utilizing their loan originating system. Along with other loan documents, the Great Choice Plus Subordinate Deed of Trust can be accessed on the THDA website.

Thank you for your continued participation in THDA's mortgage loan programs. If you have any questions, please contact sfASK@thda.org or call 615-815-2100

