

Ralph M. Perrey, Executive Director



**MEMORANDUM**

DATE: June 26, 2020  
TO: THDA Originating Agents  
FROM: Rhonda Ronnow, Director of Single Family Loan Operations  
SUBJECT: **Additional Second Mortgage Program Changes**

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THDA would like to announce clarification and additional information for the Great Choice Plus second mortgage loan program changes announced earlier in the month. These changes are effective with loan applications requesting down payment assistance **locked on July 1, 2020 and afterwards.**

With the change to an amortizing second mortgage, Great Choice Plus Second Mortgage loans no longer qualify for the TILA-RESPA Integrated Disclosures (TRID) exception as outlined in 12 CFR §1026.3(h). Therefore, to assist our Originating Agents with limiting compliance risks, all second mortgage loans will close in the name of the Originating Agent (OA). The OA will be responsible for providing the borrower(s) the initial Loan Estimate (LE) disclosure at the time of application as well as having the borrower(s) execute the Closing Disclosure (CD), second mortgage note, and Deed of Trust at closing.

THDA will not have any second mortgage forms on our website for loans that meet the above rate lock structure. OAs must utilize the Fannie Mae/Freddie Mac standard mortgage note and deed of trust (DOT). The late fee for the second mortgage is 15 calendar days after the date the payment is due. The amount charged will be 5% of the overdue payment.

Immediately after closing, the OA will provide the following documentation in their closed loan package to THDA:

- Fully executed original note for the Great Choice Plus Mortgage Loan, endorsed to THDA
- A copy of the fully executed and notarized original DOT for the Great Choice Plus Loan with all applicable Riders (THDA rider is not needed). Assignments to THDA can be completed by utilizing the MERS system. All DOTs should reflect the Mortgage Identification Number (MIN) as required by MERS.
- For FHA loans executed Legal Obligation Letter, this is provided with the commitment issued by THDA.

THDA will continue to monitor prior rate locks under the 5% DPA second mortgage loan terms and will continue to have second mortgage documentation at [thda.org](http://thda.org) to accommodate those closings.

Thank you again for your continued support and participation in the THDA mortgage program. If you have any questions, please call 615-815-2100 or send an e-mail to [SFask@thda.org](mailto:SFask@thda.org).