

Ralph M. Perrey, Executive Director



MEMORANDUM

DATE: September 22, 2015
TO: Originating Agents
FROM: Rhonda Ronnow, Director of Loan Operations
SUBJECT: TRID and Great Choice Plus Second Mortgage

THDA would like to announce that effective with loan applications dated October 3, 2015, requiring downpayment assistance, a \$50.00 grant will be provided to the borrower to cover a large portion of the cost of recording fees associated with the second mortgage loan. A credit will be entered on the Loan Estimate and Closing Disclosure by the Originating Agent. This grant will be included with the wire at the time the second mortgage is reimbursed.

This change will constitute an exemption from TILA-RESPA Integrated Disclosures. (§ 1026.3(h)). Currently THDA meets all of the below requirements, with the exception of less than one percent of the amount of credit extended in closing costs. Our average second mortgage is around \$4,000 and the recording fees exceed 1% (\$40). A closing fee up to \$100 for the second mortgage is not allowed.

Exempt Transactions (§ 1026.2(h))

- (1) The transaction is secured by a subordinate lien;
- (2) The transaction is for the purpose of downpayment, closing costs, or other similar home buyer assistance, such as principal or interest subsidies.
- (3) The credit contract does not require the payment of interest.
- (4) The credit contract provides that repayment of the amount of credit extended is forgiven either incrementally or in whole, at a date certain, and subject only to specified ownership and occupancy conditions.
- (5) The total of costs payable by the consumer in connection with the transaction at consummation is less than one percent of the amount of credit extended and includes no charges other than fees for recordation of security instruments, deeds, and similar documents.

Thank you for your continued participation in THDA's mortgage programs.

If you have any questions, please contact sfASK@thda.org or call 615-815-2100.