

THDA LENDER NOTICE: #2021-17

November 2, 2021

SUBJECT: New Subordinated Lien Document Completion Instructions

Housing Finance Agency (HFA) Down Payment Assistance (DPA) Programs can be powerful tools for lenders serving low to moderate-income aspiring homebuyers, including first-time homebuyers. However as many lenders know all too well, DPA program repayment provisions vary. Each HFA typically creates its own legal documents, and inconsistencies can cause confusion for originating lenders and borrowers alike. Until now.

As originally announced in Lender Notice 2021-15, THDA is proud to participate in the Standardized Subordinate Lien Document Project. Just as originators and investors of non-conforming mortgages use uniform Freddie Mac/Fannie Mae instruments, this initiative will bring a similar level of clarity, efficiency, and confidence to the legal documents securing DPA providers' interests. THDA implemented these Freddie Mac and Fannie Mae approved standardized subordinate lien documents effective with rate locks on 9/13/21 because they offer many benefits:

- Enhanced Clarity for Borrowers
- Increased Speed to Market for Lenders
- Greater Automation Potential
- Reduced Loan Manufacturing Costs and Loan File Deficiencies
- Potential Liquidity Opportunities

Due to several questions regarding the new subordinate lien documents, THDA is providing document completion instructions for the Great Choice Plus and GC97 Plus Deed of Trust (DOT) and notes. We trust you will find these documents easier to use, better aligned with Freddie Mac/Fannie Mae first lien uniform instruments, and easier to explain to your borrower clients.

Documentation instructions and the subordinated Lien Documents are found [here](#). As a Reminder, regardless of the THDA DPA program, you will always use the same DOT.

[Form 3295](#) is utilized for the Plus-Payment option, which is 6% of sales price, 15 yr. term, and can be used for any outstanding loans at the previous amortizing payment structure of \$6,000/\$7,500.

[Form 3296](#) is utilized for the Plus-No Payment option, which is \$6,000, 30 yr. term, deferred payment and forgiven at the end of the term.

- Additional information regarding DPA can be found [here](#).
- Additional training opportunities can be located [here](#).

Questions may be directed to sfask@thda.org or 615-815-2100.