

# Tennessee Housing Development Agency

## First-Time Homebuyer Credit Down Payment/Closing Cost Loan Assistance Program

### Program Description

THDA will offer a second mortgage loan to assist a first time homebuyer with down payment and closing costs. Principal and interest will be deferred until June 1, 2010. Payments of principal and interest will commence on July 1, 2010 if not repaid in full. First time homebuyers will be able to borrow funds at no interest for a short period until such time as they received the First-Time Homebuyer Credit authorized in the Section 3011 of the Housing and Economic Recovery Act of 2008, as amended by Section 1006 of the American Recovery and Reinvestment Tax Act of 2009.

### PROGRAM TERMS:

<b>Eligible Borrower</b>	Homebuyer obtaining THDA first mortgage Great Rate or Great Advantage loans and who is otherwise eligible for the First-Time Homebuyer Credit
<b>Maximum Household Income</b>	THDA Homeownership Choices limits apply
<b>Maximum Loan Amount</b>	3.5% of Purchase Price
<b>Interest Rate</b>	0% deferred until June 1, 2010, 1% above corresponding first mortgage rate if amortized
<b>Loan Term</b>	After initial deferral period, the loan will fully amortize over 10 years, beginning July 1, 2010
<b>Underwriting Criteria</b>	Borrowers must have 620 minimum credit score. Must include amortizing 2 <sup>nd</sup> mortgage payment in total housing expense ratio.
<b>Pre-Payment</b>	The 2 <sup>nd</sup> mortgage loan is due in full upon 1 <sup>st</sup> mortgage payoff, assumption, or refinance. No pre-payment penalty.
<b>Allowable Fees</b>	Normal and customary 2 <sup>nd</sup> mortgage fees
<b>Closing Documents</b>	2 <sup>nd</sup> mortgage Note and Deed of Trust in the name of THDA
<b>Homebuyer Education</b>	Required prior to closing on first mortgage loan
<b>Servicing</b>	Servicer will service combined payments

This program would be available until November 30, 2009.