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ORIGINATING AGENTS GUIDE
REVISION 60

October 4, 2010

Remove and discard:	**Replace with enclosed:**
Page 4b (Revised 01/13/10) …….	Page 4b (Revised 10/04/10)

EFFECT OF CHANGE

The stimulus second mortgage loan program is eligible to those individuals that meet the below criteria.

Members of the Armed Forces and certain federal employees serving outside the U.S. have an extra year to buy a principal residence in the U.S. and still qualify for the credit. An eligible taxpayer must buy or enter into a binding contract to buy a home by April 30, 2011 and settle on the purchase by June 30, 2011. Members of the uniformed services, members of the Foreign Services and employees of the intelligence community are eligible for this special rule. It applies to any individual who serves on qualified official extended duty outside of the United States for at least 90 days during the period beginning after December 31, 2008, and ending before May 1, 2010.

Acceptable evidence of service outside of the U.S. must be provided at loan submission.

C. THDA Stimulus Loan Program

THDA offers a second mortgage loan to assist a first time homebuyer with downpayment and closing costs. Principal and interest will be deferred until June 1, 2011. Payments of principal and interest will commence on July 1, 2011, if not repaid in full. First time homebuyers are able to borrow funds at no interest for a short period until such time as they received the IRS First-Time Homebuyer Credit.

	THDA Stimulus Loan Program
Eligible Borrower	Homebuyer obtaining THDA first mortgage Great Rate or Great Advantage loans and who is otherwise eligible for the IRS First-Time Homebuyer Credit. No additional downpayment and closing cost assistance programs may be coupled or used in conjunction with this program.
Maximum Household Income	THDA Homeownership Choices limits apply
Maximum Loan Amount	3.5% of Purchase Price
Interest Rate	0% deferred until June 1, 2011, 1% above corresponding first mortgage rate if amortized
Loan Term	After initial deferral period, the loan will fully amortize over 10 years, beginning July 1, 2011
Underwriting Criteria	Borrowers must have 620 minimum credit score. Must include amortizing second mortgage payment in total housing expense ratio and back end ratio cannot exceed 45%. Manual underwriting is not permitted.
Pre-Payment	The second mortgage loan is due in full upon first mortgage payoff, assumption, or refinance. No pre-payment penalty.
Allowable Fees	Normal and customary second mortgage fees
Closing Documents	Second mortgage Note and Deed of Trust must be in the name of THDA
Homebuyer Education	Required prior to closing on first mortgage loan
Servicing	Servicer will service combined payments. Under this program, both the first and second mortgages must be serviced by U.S. Bank.
Program Expiration Date	The Stimulus Loan Program runs concurrently with the deadlines associated with the IRS First Time Homebuyer Tax Credit.
Loan Type	FHA only