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THDA Stimulus Loan Program

A federal tax credit to encourage homebuying was announced in February 2009. To make the credit usable at the beginning of the home buying process, Tennessee Housing Development Agency (THDA) will offer a second mortgage program to assist first-time homebuyers 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 the second mortgage is 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 receive the First-Time Homebuyer Credit authorized in Section 3011 of the Housing and Economic Recovery Act of 2008, as amended by Section 1006 of the American Recovery and Reinvestment Act of 2009.

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

This program will be available from April 1 and until November 30, 2009. All loans must be closed by Nov. 30, 2009.