

**Tennessee Housing Development Agency (THDA)**

**Application Affidavit**

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Applicant

Co-Applicant

STATE OF TENNESSEE )  
COUNTY OF )

Before me, \_\_\_\_\_, a Notary Public of the state and county mentioned, personally appeared \_\_\_\_\_ and \_\_\_\_\_, the within named bargainer(s), with whom I am personally acquainted (or proved to me on the basis of satisfactory evidence), and who, upon oath, acknowledged that he/they executed the foregoing instrument for the purposes therein contained.

Witness my hand and seal, at office, this \_\_\_\_\_ day of \_\_\_\_\_, 20\_\_.

Notary Public:

My Commission Expires:

**Tennessee Housing Development Agency (THDA)**  
**Disclosure of Loan Terms**  
**Great Choice Plus Second Mortgage Loan**

I acknowledge that I am applying for assistance from Tennessee Housing Development Agency (THDA) in the form of a second mortgage loan through the Great Choice Plus, to utilize for down payment and/ or closing costs assistance under the terms of the Great Choice Plus Program.

This disclosure form is required to be presented to me by the lender handling this Great Choice Plus loan for me ("my lender") before settlement and/ or closing of the Great Choice Plus loan.

As a Borrower under this program, I understand that the Great Choice Plus second mortgage loan has the following terms and conditions as explained by my originating lender:

- We request a Great Choice Plus mortgage loan in the amount of \$\_\_\_\_\_ (no more than 5% of the Purchase Price)
- The term of the Great Choice Plus second mortgage loan is 30 years, forgiven at the end of the term of the Great Choice first mortgage.
- The interest rate is 0% and is non-amortizing, therefore having no required monthly payment.
- There are no costs or fees charged by THDA and the APR will be 0%.
- The Great Choice Plus second mortgage loan is required to be repaid upon sale of the property or refinance of my Great Choice first mortgage loan.
- If I have any questions about the Great Choice Plus Second Mortgage Loan I am encouraged to ask my lender or contact THDA for additional information at [SFask@thda.org](mailto:SFask@thda.org) or 1-615-815-2100.

\_\_\_\_\_  
Borrower

\_\_\_\_\_  
Date

\_\_\_\_\_  
Co-Borrower

\_\_\_\_\_  
Date

**Lender**

In connection with this application for a Great Choice Plus loan, I, the undersigned duly authorized representative of \_\_\_\_\_ (the Lender), certify as follows:

- a. The scheduled loan closing date is \_\_\_\_\_, 20\_\_\_\_.
- b. The borrower(s) will not receive any cash at closing as a result of, or from, proceeds from the Great Choice Plus loan. Any "Net Funds to Borrower" at closing will be those allowable by THDA guidelines. (Originating Agent Guide, Section 7.5 D).

\_\_\_\_\_  
Lender

\_\_\_\_\_  
Date

<b>Tennessee Housing Development Agency (THDA)</b>
<b>Seller Affidavit</b>

<b>Tennessee Housing Development Agency (THDA)</b>
<b>Seller Affidavit</b>

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**Tennessee Housing Development Agency (THDA)**

***Notice to Applicants***

**FEDERAL RECAPTURE TAX REQUIREMENTS**

IMPORTANT INFORMATION

APPLICATION DISCLOSURE

PLEASE READ

(to be provided to the Applicant at time of application)

As a result of a law passed by Congress in 1988, you may, under certain circumstances, be subject to a recapture tax designed to recover some amount of the subsidy reflected in your below market interest rate. This notice contains a brief description of this recapture tax and how it may affect you. THDA recommends, however, that you consult a tax advisor if you have questions about the recapture tax and that you consult a tax advisor at the time you sell or otherwise dispose of your home financed with a THDA loan.

There is no recapture tax if you own your home for more than nine years from the date you close your THDA loan. If you do sell or otherwise dispose of your home within nine years from the date you close your THDA loan, you are subject to the recapture tax and must determine whether you need to pay recapture tax to the federal government.

Several factors determine whether you must pay any recapture tax. These factors include your original loan amount, the length of time you own your home financed with the THDA loan, your income and family size at the time of sale, and the gain that you realize on the sale of your home. Since your income and family size may change during the time you own your home and since gain cannot be determined until an actual sale occurs, there is no way to predict whether you will have to pay recapture tax. Regardless of these factors, any recapture tax you may have to pay is limited to the lesser of (i) your original THDA loan amount times 6.25 or (ii) half of the actual gain from the sale or other disposition of your home financed with the THDA loan.

If you sell your home to a buyer eligible to assume the THDA loan, you must still determine whether you owe recapture tax. The buyer is also subject to the recapture tax for nine years beginning on the date your sale to the buyer is closed.

The recapture tax applies to any disposition of your home financed with the THDA loan, whether by sale, exchange, involuntary conversion, or any other transfer of any interest. If you refinance your THDA loan (without selling your home), no recapture tax is due at the time of refinancing, however, you may still owe recapture tax if you sell your house after the refinancing and the sale occurs within nine years from the date you closed your THDA loan.

If your home is damaged or destroyed by fire, storm, or other casualty, you may not owe recapture tax, if within two years, you rebuild your principle residence on the same site. Generally, you may not owe recapture tax if you transfer your home to a spouse, or a former spouse as a result of a divorce, or if your home is transferred as a result of your death.

The undersigned acknowledges that I/we have read and understand the above disclosure.

Applicant: \_\_\_\_\_

Date: \_\_\_\_\_

Applicant: \_\_\_\_\_

Date: \_\_\_\_\_

**Tennessee Housing Development Agency (THDA)****Rider**

THIS THDA RIDER (the "Rider") is made this \_\_\_\_\_ day of \_\_\_\_\_, 20\_\_\_\_, and is incorporated into and shall be deemed to amend and supplement the Deed of Trust or Security Instrument (the "Deed of Trust") of the same date given by the undersigned ("Borrower") to secure Borrower's note dated \_\_\_\_\_, 20\_\_\_\_, in the original principal amount of \$\_\_\_\_\_ (the "Note") payable to \_\_\_\_\_ ("Lender") and to encumber the property described in the Deed of Trust located at \_\_\_\_\_ (the "Property").

Borrower and Lender acknowledge that the Tennessee Housing Development Agency ("THDA") is providing the funds for the loan evidenced by the Note and Deed of Trust (the "Loan") or will consider purchasing the Loan upon submission of proper documentation by Lender. Borrower and Lender further acknowledge that the funds used by THDA to make or purchase the Loan result from the issuance of tax-exempt bonds by THDA and that THDA will rely on this Rider to assure compliance with the relevant provisions of the Internal Revenue Code in effect on the date of issuance of the bonds, the Internal Revenue Code of 1986, as amended and all regulations promulgated by the Internal Revenue Service regarding tax-exempt bonds (collectively, the "Code") and THDA program requirements. Therefore, in addition to the covenants and agreements made in the Deed of Trust, Borrower and Lender further covenant and agree to amend and modify the Deed of Trust as set forth in this Rider.

THDA, Lender, or such of its successors or assigns as may be charged with responsibility for assuring compliance by Borrower with the provisions of this Rider, may accelerate and require immediate payment in full of all sums evidenced by the Note or secured by this Deed of Trust upon the occurrence of any or all of the following events:

1. All or part of the Property is sold or otherwise transferred by Borrower to a purchaser or other transferee:
  - a. Who cannot reasonably be expected to occupy the Property as their principal residence within a reasonable time after the sale or transfer, as provided in Sections 143(c) and 143(i)(2) of the Code; or
  - b. Who has had a present ownership interest in a principal residence during any part of the three-year period ending on the date of the sale or transfer, as provided in Sections 143(d) and 143(i)(2) of the Code (except that "100 percent" shall be substituted for "95 percent or more" where the latter appears in Section 143(d)(1)); or
  - c. For a purchase price higher than the existing applicable THDA approved acquisition cost limit for the county in which the Property is located, which acquisition cost limit shall be determined by THDA based on Section 143(e) of the Code and regulations promulgated in connection therewith.
  - d. Who has family income higher than the existing applicable THDA approved income limit based on household size for the county in which the Property is located, which income limit shall be determined by THDA based on Section 143(f) of the Code and regulations promulgated in connection therewith.
2. Borrower fails to continuously occupy the Property described in the Deed of Trust as Borrower's principal residence or uses the Property in a trade or business without the prior written consent of THDA.
3. Borrower omits or misrepresents a fact in Borrower's application for the Loan that is material to the requirements of Section 143 of the Code or THDA program requirements.

Any failure to exercise the right of acceleration upon the occurrence of any of the events specified above shall not be a waiver of any subsequent exercise of this right by THDA.

IN WITNESS WHEREOF, by signing below, Borrower accepts and agrees to the terms and provisions of this Rider as an amendment or addition to the Deed of Trust.

\_\_\_\_\_  
BORROWER\_\_\_\_\_  
BORROWER



Legally Enforceable Obligation letter  
For HUD Mortgagee Letter 2013-14  
and HUD Handbook 4155.1 5.B.5.a Gift Letter

Thursday, June 04, 2020

ABC Mortgage Company  
100 Main Street  
Hometown, TN 37777

Re:	The "Second Mortgage Loan" is:
Loan Type:	THDA Great Choice Plus Loan
Borrower:	Borrower First and Last Name
Co-Borrower:	CoBorrower First and Last Name
Property Address:	99999 MAIN DR YOURTOWN, TN 37777
Second Mortgage Loan Amount:	No greater than \$9,250.00
Second Mortgage Loan Terms:	30 years deferred with 0% interest rate.
Associated First Mortgage Loan:	THDA Great Choice Loan

Dear Sir or Madam:

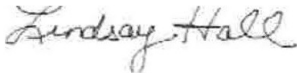
As required by Mortgagee Letter 2013-14 from the U.S. Department of Housing and Urban Development, this letter documents that the Tennessee Housing Development Agency ("THDA"), a political subdivision and instrumentality of the state of Tennessee, has incurred a legally enforceable obligation, in accordance with the requirements of the THDA commitment letter issued with respect to the Second Mortgage Loan and the Associated First Mortgage Loan, to provide the funds for the borrower's required Minimum Cash Investment at or before closing under its Great Choice Plus Loan Program on the terms and in the amount referenced above.

You must maintain this letter in your file and you must also satisfy the requirements in the last paragraph of this letter to maintain the FHA insurability of the Associated First Mortgage Loan referenced above.

THDA hereby agrees to purchase the Second Mortgage Loan described above which will be made by ABC MORTGAGE CO(whether closing in THDA's name or in the name of ABC MORTGAGE CO) under THDA's Great Choice Plus Loan Program.

**Prior to applying for FHA insurance on the Associated First Mortgage Loan,**  
ABC MORTGAGE CO must deliver to THDA the following documents:

1. Fully executed original note for the Great Choice Loan, endorsed to THDA;
2. A copy of the fully executed and notarized original Deed of Trust for the Great Choice Loan with all applicable Riders (The original Deed of Trust for the Great Choice Loan must be submitted to THDA immediately following recordation);
3. Fully executed original note for the Great Choice Plus Loan, endorsed to THDA;
4. A copy of the fully executed and notarized original Deed of Trust for the Great Choice Plus Loan with all applicable Riders (The original Deed of Trust for the Great Choice Plus Loan must be submitted to THDA immediately following recordation).



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Grantor Name (Signature)  
Tennessee Housing Development  
Agency

LINDSAY HALL

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Grantor Name (Printed)  
Tennessee Housing Development  
Agency

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Grantor Name (Signature)  
Borrower

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Grantor Name (Printed)  
Borrower

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Grantor Name (Signature)  
Co-Borrower

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Grantor Name (Printed)  
Co-Borrower