



3-year Deferred Forgivable 2nd Lien FAQ

Q. Is the 3-year deferred forgivable second lien available with all loan types and assistance levels?

A. The 3-year deferred forgivable second lien is available with Conventional, FHA, USDA, and VA loans at the 2%, 3%, 4%, and 5% assistance levels.

Q. What is the MI coverage for the 3-year Deferred Forgivable Second Lien?

A. Please note that we now allow Freddie Mac's HFA Advantage as well as Fannie Mae's HFA Preferred conventional loan. Charter coverage MI is allowed on conventional loans with borrowers at or below 80% AMFI. Standard MI coverage is required on conventional loans with borrowers above 80% AMFI.

Q. Is there a repayable soft second option available?

A. This down payment assistance option was discontinued on 11/29/2019. However, if this option gets brought back, an announcement will be sent.

Q. Are there additional fees?

A. No, there are no additional fees other than what is currently charged for the DPA program.

Q. What disclosures are required?

A. TSAHC's 3-year deferred forgivable second lien has been determined to have a "complete" TRID exemption therefore no additional disclosures are required.

Q. What additional documents are required by the borrower(s) to sign at closing?

A. The additional documents are available for download on the Lender Online Portal in the pdf docs section once the loan is committed by TSAHC.

The post-closing checklist will include these additional documents:

- Certified copy of Second Mortgage Deed of Trust
- Copy of the executed Second Mortgage Promissory Note
- Copy of the executed Notice of Sale of Mortgage Loan and Transfer of Servicing Rights

Q. What are the terms of the 3-year deferred forgivable second lien?

A. The terms are as follows:

- 0% interest
- 3-year term (maturity on third anniversary of the date of the Note)
- No monthly payments due

- Repayable, in full, during 3-year term upon sale, transfer, refinance, or if the first lien mortgage is paid in full for any reason or failure to occupy property as principal residence or other event of default
- Forgiven, in-full, 3 years from the closing date
- **Not** forgiven on a pro-rated basis

Q. Does the loan have to be repaid?

- A. The loan will be forgiven, in full, 3 years from the closing date. It will not be forgiven on a pro-rated basis every year.

Q. Where do we request a 2nd lien payoff?

- A. Payoff quote requests can be sent to the following:
- i. Contact LoanCare, LLC
Toll Free: 800-274-6600
8:00am – 10:00pm EST Monday-Friday
8:00am – 3:00pm EST Saturday
Payoff Requests: Payoffs@MyLoanCare.com

Q. What is the minimum credit score?

- A. The borrower needs to have a minimum credit score of 620 for government loans and 640 for HFA Advantage and HFA Preferred Conventional loans.

Q. In what name does the 3-year deferred forgivable second lien close?

- A. The second lien loan closes in Texas State Affordable Housing Corporation's name. Both the first and second lien collateral will be sent to Lakeview for purchase.

Q. Who records the DOT?

- A. The lender is responsible for recording the second lien DOT.

Q. How do we obtain a MIN (mortgage identification number) and who registers the loan in MERS?

- A. The 3-yr deferred forgivable Second lien does not require a MIN (mortgage identification number) to be generated or registration in MERS.

Q. How is the lender reimbursed for the 3-year deferred forgivable second lien?

- A. Lakeview will reimburse the lender for the loan and DPA upon purchase of the first and second lien collateral.