5% Bond** 30-Year Deferred Repayable DPA FAQ

****Please Note:** The Bond-DPA program has limited funding and is not the same as the Non-Bond DPA program. Please view the Non-Bond FAQs for more information.

Q. Do home buyers have to pay back any portion of the Bond DPA provided?
A. If a home buyer uses TSAHC's 5% Bond DPA program, they may be subject to Recapture Tax if they decide to sell their home within 9 years of purchase. Click here to learn more about Recapture Tax.

Furthermore, the DPA is structured as a non-forgivable second lien. The terms are as follows:

- 0% interest
- 30-year term
- No monthly payments due
- Repayable, in full, during 30-year term upon sale, transfer, payoff, refinance of the senior lien, or failure to occupy property as principal residence
- Not forgiven on a pro-rated basis
- 5% of the total loan amount offered as DPA

Q. Does the interest rate on the Bond DPA program change daily?
A. The interest rate on the Bond DPA program is subject to change daily based on market conditions. Please subscribe to TSAHC's daily interest rate emails to stay up-to-date.

Q. Can home buyers use both the Bond Down Payment Assistance and the MCC program together?
A. The MCC Program cannot be combined with the Bond DPA Program.

Q. Is the Bond program available for any First-Time Home buyer?
A. Yes, any first-time home buyer that is at or below 80% of the AMFI and has at least a 620 FICO may use the program. Should the home purchased fall within a "Targeted Area", or the buyer is a qualified Veteran, the first-time home buyer requirement may be waived.

The definition of a first-time home buyer is anyone who hasn't had an ownership interest in a **primary** residence in the past 3 years.

Q. What income is considered when determining eligibility?
A. Household income of anyone that will be on the deed of trust.

Q. Can I use the Bond program with a conventional loan?
A. No, currently the Bond DPA program is only available for use with FHA, VA, and USDA loans.

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

Q. What is the minimum credit score?
A. The borrower needs to have a minimum credit score of 620.

Q. What additional documents are required by the borrower(s) for the Bond DPA?

A. The additional documents are available for download on the Lender Online Portal in the pdf docs section once the loan is reserved. The additional documents that are different from our non-Bond DPA include:

- 3 years of Tax Returns. (If closing after April 15th, the most recent year's tax returns will be required)
- Tax-Exempt Rider. Must be attached to and recorded with the deed of trust.
- Notice of Potential Recapture Tax. Provided to borrower(s) at loan closing

Q. What documents or additional disclosures are needed for this program?
A. TSAHC's deferred repayable second lien DPA has been determined to have a "complete" TRID exemption therefore no additional disclosures are required.

Q. How do we obtain a MIN (mortgage identification number) and who registers the loan in MERS?
A. The deferred repayable second lien does not require a MIN (mortgage identification number) to be generated or registration in MERS.

Q. Is the Bond-DPA loan Assumable?
A. No. The 2nd lien contains a due-on-sale clause and is not assumable. The DPA subsidy is tied to the original borrower's qualification, so it does not transfer to a new buyer.

Q. Are buydowns of any type allowed on the Bond DPA program?
A. •Permanent Buydowns - Not Allowed
•Temporary Buydowns - *Not Currently Allowed*

Q. Is the 2nd Lien eligible for HPML?
A. The 2nd lien is not HPML. It's a 30 year deferred, repayable loan with 0% interest and no fees other than the recording fee. Since the APR is effectively 0%, it falls well below the 3.5 percentage point spread over APOR required to trigger HPML status on a subordinate lien.

Q. What are the disclosure requirements? Is this subject to TRID, or partial exemption? Are there forms provided to send to the borrower for signature?
A. This Bond DPA program qualifies for a full exemption from the TRID disclosure requirements.

Q. What fees are permitted to be charged on the 2nd lien?
A. Only the recording fee is allowed to be charged on the 2nd lien. No interest, origination fees, or other charges apply. This keeps the loan under the 1% cost threshold required to maintain the § 1026.3(h) exemption, since recording fees and transfer taxes are excluded from that calculation.