

THE SECOND MORTGAGE DOWN PAYMENT/CLOSING COST ASSISTANCE

Assisted Mortgage Loans may be offered to any Eligible Borrower. Unless otherwise notified in a Lender Commitment Lot Notice:

- Down payment and closing cost assistance loans are repayable and will be secured by a second lien that features a thirty-year term at zero percent interest rate. It is a due-on-sale, deferred payment loan.
- No monthly payments are required. Repayment in full is due within the 30-year second mortgage loan term upon sale, refinance, transfer, or other disposition of the property, assumption of the first mortgage loan, or if the borrower ceases to occupy the residence.
- Down payment and closing cost assistance will be in an amount specified in the Lender Commitment Lot Notice.
- Down payment assistance is not a separate program.
- All requirements of the First Mortgage apply to the assistance.
- The second mortgage may be prepaid in full or in part at any time without penalty. If the borrower pays off the assistance loan **in full** before the end of the loan term, the interest rate on the remaining portion of the first mortgage loan will be lowered to the interest rate applicable to unassisted mortgage loans offered in the Lender Commitment Lot Notice in effect at the time the borrower received his/her mortgage loan.
- Second mortgage assumptions are not permitted. Assumption of the first mortgage will result in acceleration of the second mortgage, which will be due and payable in full.

Down Payment Assistance is reserved simply by reserving the Assisted Mortgage Loan first mortgage loan itself. The lenders will make the determination that the borrower(s) meet the requirements of the MRB program and will advance the assistance funds at the time of closing. Lenders will be reimbursed the amount of the assistance advanced when the Mortgage loan is purchased by the Master Servicer. The lender will be responsible for preparing TDHCA's second lien Settlement Notice, Note and Deed of Trust and any other documents that may be required to secure any repayment of the assistance.