

THDA LENDER NOTICE: #2026-20

June 29, 2026

SUBJECT: DOWN PAYMENT ASSISTANCE ENHANCEMENTS AND MORTGAGE NOTES

MORTGAGE NOTES

As part of the Down Payment Assistance program enhancements, THDA is retiring Form 3295, Subordinate Amortizing Note-Payment, and Form 3297, Subordinate Amortizing Note-Deferred Payment. These forms will be replaced by a single combined mortgage note, [Form HO-3000, THDA Combined Subordinate Amortizing and Forgivable Note](#), which may be used for all THDA Down Payment Assistance programs.

The existing forms will remain available through July 31, 2026; however, the new form supports both current and prior program terms since the term is based upon the maturity date. The term of the second mortgage can be referenced on the first page of the THDA Commitment. We encourage all lenders to provide a copy of the THDA Commitment to their closing team.

[Form 3800.43, Tennessee Subordinate Deed of Trust](#), will continue to be used for THDA programs.

NEW NOTE INSTRUCTIONS

To complete the new note, select one loan type—Amortizing Note or Forgivable Note—and complete the applicable terms in Sections 2, 3, and 4. The unselected option does not apply and should be left blank. Instructions are also printed at the top of the note.

PLUS – NO PAYMENTS (UP TO \$6,000)

As a reminder, beginning with new rate locks on July 1, 2026, THDA will enhance its Down Payment Assistance (DPA) Plus – No Payments offering. While the loan will continue to be forgivable, the forgiveness period will be reduced to 10 years. The product still includes 0% interest rate and no payments. This will include Great Choice, Homeownership for Heroes and FHLMC HFA Advantage offerings. All existing locks and commitments are expected to close with their existing terms.

PLUS-NO PAYMENTS (UP TO \$10,000)

As a reminder, beginning with new rate locks on July 1, 2026, THDA will launch a pilot program offering up to \$10,000 in Down Payment and/or Closing Cost Assistance as a subordinate lien. The product features a 0% interest rate, no payments, and forgiveness term of 10 years. It will be available with FHA, USDA, and VA loans under the Great Choice and Homeownership for Heroes mortgage loan programs. Freddie Mac HFA Advantage is not included in this product offering.

These programs will reflect different pricing on THDA's [Daily Rate Sheet](#).

Like the up to \$6,000 offering, this program qualifies for the partial exemption under 12 CFR § 1026.3, provided no settlement fee is charged.