

THDA LENDER NOTICE: #2026- 7

April 2, 2026

SUBJECT: Layering of Subordinate Liens

THDA is implementing guidelines regarding the use of additional subordinate liens for the following programs: Great Choice Plus, Homeownership for Heroes Plus, and HFA Advantage Plus.

THDA's subordinate lien **must occupy the second position**; any subsequent subordinate lien (third lien) cannot take precedence over THDA's lien. The timing of the Deed of Trust recording is critical in these loan structures.

Effective immediately, for the above programs, when a third subordinate lien is utilized, THDA restricts their program offering to the Deferred (No-Payment) option, which is a maximum loan amount of \$6,000.

It is the Originating Agent's responsibility to ensure that other subordinate liens comply with the relevant guidelines for the loan type, this includes but is not limited to Combined Loan to Value and funds required for the mortgage transaction. Please review Agency guidelines carefully prior to submitting the loan to THDA.

THDA does require the following documentation when other subordinate liens are utilized.

- Underwriting Submission Package
 - Please include a copy of the approval letter for the assistance.
- Closing Package
 - Copies of recorded Deed of Trust and the mortgage note must be included.