

THDA LENDER NOTICE: #2026-10

April 27, 2026

SUBJECT: Net Funds to Borrower

THDA is providing a reminder of the requirements surrounding loan costs and fees paid outside of closing, which are reflected on the Closing Disclosure and may result in net funds being returned to the borrower at closing.

Borrowers are not permitted to receive funds at closing that exceed their personal payments made in advance for items such as earnest money, appraisal fees, credit report fees, or homebuyer education counseling. Credit cards are not considered personal funds.

When utilizing THDA's Down Payment Assistance program and having funds returned to the borrower at closing, documentation evidencing these payments have cleared the borrower's bank account must be included in the file submitted to THDA. It is strongly recommended that this documentation be provided with the underwriting submission package in advance. THDA underwriters issue a condition outlining the amount verified as paid outside of closing, enabling Originating Agents to easily identify these amounts. If the amount returned exceeds what has been verified and additional confirmation is required post-commitment, this may cause delays in loan purchase.

Occasionally, circumstances beyond the Originating Agent's control may prevent this from becoming apparent until the Closing Disclosure is issued. If cash given back to the borrower surpasses the amount specified in the THDA commitment, please ensure documentation of all POCs are included in the Closed Loan submission package.