

Income Reduction Eligibility Key

THDA Offers Mortgage Payment Coverage

NASHVILLE, July 5, 2011– Consumers hit by income loss or reduction can apply today for mortgage payment relief.

Answering 12 simple questions at www.KeepMyTNHome.org establishes eligibility. Tennessee Housing Development Agency is able to make mortgage payments for eligible homeowners through the U.S. Treasury's Hardest Hit Fund.

"This program is legitimate, backed by the federal government," said Bill ClenDening, Foreclosure Prevention Manager for Tennessee Housing Development Agency (THDA).

The program is designed to help unemployed and substantially underemployed homeowners meet their mortgage obligations. Tennessee was allocated \$217,315,593 million dollars for the program which is administered by states' housing finance agencies.

THDA is Tennessee's housing finance agency (HFA). It has developed the application website and trained its network of foreclosure prevention counselors to process the applications. The process is for homeowners, who have lost income as a result of the economic downturn and are now in need of mortgage payment assistance, to read the eligibility requirements and apply at www.KeepMyTNHome.org. If an applicant meets the requirements, the applicant and a counselor are paired to process the application.

"The assistance is prepared as a loan," said ClenDening, "but the loan is forgiven over five years, 20% per year. If the family keeps the home as their primary residence for five years the loan is completely forgiven."

The foreclosure prevention counselors, who have been offering affected Tennesseans free counseling since 2008, prepare the documentation with the homeowner. If approved, payments are made directly to the servicer, the lender that collects payments from the homeowner. The loan amounts are up to \$20,000 over an 18-month period for "targeted" counties and up to \$15,000 over a 12-month period for the rest of Tennessee's counties. The list of targeted counties is found here: <https://www.KeepMyTNHome.org/ppc.html>. Not all servicers are accepting Hardest Hit Fund payments.

"The servicers have traditionally not been prepared to accept third party payments. The five largest servicers are participating and we continue to reach out to other national, regional and local servicers as we become aware of them."

Several changes have been made as the program progresses. THDA began the program January 4, 2011, requiring households to have suffered a 50% or more loss of income. That limit has been changed to 30%. If a household's income has been reduced by 30% or more through no fault of their own, they could be eligible for the federal assistance. Persons who applied before the percentage change are encouraged to apply again at www.KeepMyTNHome.org. The household must have a history of timely mortgage payments prior to the job loss/reduction, or no more than two 30-day late payments in the six months prior to the job loss/reduction of income. The combined amount of the mortgage principal, interest, taxes and insurance must be greater than 31% of the household income after the job loss/reduction of income. The program is for families whose household income is currently less than \$74,980 and whose home's total unpaid principal balance does not exceed \$226,100.

THDA is working closely with Tennessee's Department of Labor and Workforce Development. Brochures are available in packets given to persons applying for unemployment insurance and handed out when presentations are made to employees at workplaces that are laying off staffs.

"THDA's board of directors acted promptly in 2008 to provide and secure funding to prepare a foreclosure counseling program for affected Tennesseans," said GlenDening. "The counselors have provided free counseling to thousands of people to help them assess their possibilities. Counseling is valuable, but if there is no income, the mortgage payment can't be made. The Hardest Hit Fund may be able to help them hold on to their homes until they can be re-employed.

"Foreclosure prevention counseling continues to be available free of charge to households struggling with their payments for whatever reason. The list is posted on our site: <http://www.thda.org/foreclosure/counselors.pdf>."

The application guidelines, as found here, <http://www.financialstability.gov/docs/HHF%20Unemployment%20Program%20Guidelines.pdf>, state: "This additional funding for the HHF is designed to provide targeted relief to unemployed or underemployed borrowers, while allowing HFAs to retain the flexibility to tailor the assistance to the needs of each participating state. These Programs will pay some portion of a borrower's mortgage payment for a period of time to be determined by the HFA to allow a borrower to secure employment or obtain job training. The HFA should obtain documentation of unemployment or employment-related loss of income as well as collect a hardship affidavit from all participating borrowers."

THDA is a political subdivision of the State of Tennessee. THDA is the state's housing finance agency, responsible for selling tax exempt mortgage revenue bonds to offer affordable mortgage funds to homebuyers of low and moderate incomes through local lenders, and to administer various housing programs targeted to very low-, low- and moderate-income households.

THDA was established in 1973, making its first mortgage in 1974. It has provided affordable fixed rate mortgages to over 104,000 households without using state tax dollars. The total contribution of the THDA-related activities to Tennessee's economy in 2008 is estimated at \$1.173 billion.

THDA issues between \$250 and \$300 million in mortgage revenue bonds annually for its first-time homebuyer program.

In the year 2006, THDA created the Tennessee Housing Trust Fund using state, THDA and locally-generated match to support programs for the very-low income, elderly and special needs populations. More information about THDA is available on-line at www.thda.org.