

News Release



Leading Tennessee Home

404 James Robertson Parkway, Suite 1200
Nashville, TN 37243-0900 www.thda.org
Patricia M. Smith, Director of Public Affairs, (615) 815-2185

Program Start Date Not Set U.S. Treasury Offers Targeted Mortgage Payment Funding

NASHVILLE, August 16, 2010 – The U.S. Treasury is expanding the Hardest Hit Fund to help unemployed and underemployed homeowners meet their mortgage obligations. Tennessee has been allocated \$81.1 million dollars for the program which is administered by housing finance agencies.

Tennessee Housing Development Agency (THDA) is Tennessee’s housing finance agency (HFA) and is working to submit a program description by the September 1 deadline.

“THDA’s staff will draft a program description based on the guidelines developed by the U.S. Treasury and present it to our board,” said Ted R. Fellman, THDA’s executive director. “We won’t reinvent the wheel; we are studying the excellent programs already in place in other states. We will provide our Board of Directors with a draft plan at a called meeting this week.”

THDA and the U.S. Treasury will have agreement on a plan by October 3. Details on how the fund will be used to assist struggling homeowners and the eligibility requirements will be announced in October. Assistance could start late in December or early in 2011.

“THDA’s board acted promptly in 2008 to provide and secure funding to prepare a foreclosure counseling program for affected Tennesseans,” said Fellman. “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.”

The news release from the Department of the Treasury says: “Through the existing Housing Finance Agency (HFA) Innovation Fund for the Hardest Hit Housing Markets (the “Hardest Hit Fund”), the U.S. Department of the Treasury will make \$2 billion of additional assistance available for HFA programs for homeowners struggling to make their mortgage payments due to unemployment.”

Tennessee was added in the third round of funding for the Hardest Hit Fund, first announced in February 2010. The states were chosen as a result of high unemployment. The

states use the funds to assist homeowners as they seek re-employment, additional employment or take job training. Each state prepares a program that meets its distinct needs.

The application guidelines, as found here, state:

<http://www.financialstability.gov/docs/HHF%20Unemployment%20Program%20Guidelines.pdf>

“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.”

Treasury staff will review applications and respond to the housing finance agencies for program implementation.

“We will notify our housing partners and media outlets when our program is approved to allow homeowners to apply as promptly as possible,” said Fellman. “We all want families to regain stability in these uneasy times.”

North Carolina’s HFA was included in the second round of funding. Its plan was approved by Treasury in July and North Carolina is starting with a pilot program involving 17 counties in mid-October, with a statewide roll-out in December.

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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 100,000 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.