

Special Achievement Category

Project Description/Management Challenge

In the fall of 2007, THDA embarked on a mission to implement a Foreclosure Intervention Initiative in response to the devastating mortgage crisis that has swept the nation over the last year. Through many discussions with our industry partners, assessments of the market and the impact the sub-prime foreclosures were making, THDA determined that coordinating a joint effort to focus on foreclosure prevention and intervention counseling was paramount. Rescue and refinance plans were explored, however, THDA felt the opportunities to reach people through counseling efforts and education would be more effective.

In November 2007, THDA's Board of Directors earmarked \$350,000 for this initiative. The Department of Financial Institutions (state regulator) contributed \$75,000. THDA was awarded \$1.3 million from the National Foreclosure Mitigation Counseling (NMFC) Grant mandated by Congress in January of 2008.

The Intervention initiative consists of the following three components:

- *Public Outreach and Awareness:* THDA worked with the Statewide Affordable Housing Coalition on a Tennessee Public Awareness Campaign on Foreclosure.
- *Training and Certification:* THDA partnered with NeighborWorks® America to train carefully identified homebuyer education counselors from across the state.
- *Counseling Capacity for the Counselors:* THDA provides continuing funding to the organizations that have certified counselors to support their counseling efforts in this initiative.

Public Outreach and Awareness

THDA purchased a database consisting of 23,000 records of homeowners whose subprime adjustable rate mortgages were scheduled to reset over the next several years from First American Core Logic, Inc. (California). A mortgage limit was set at \$240,000 for the selection. THDA launched a letter campaign. Each quarter, THDA mails letters to homeowners whose adjustable rate mortgages are scheduled to reset in the very near future. The owners are strongly encouraged to review the terms of the mortgage loan, assess its affordability, and if applicable, take appropriate measures to prevent potential foreclosure by seeking a trained Foreclosure Counselor. The letter provides the list of trained Foreclosure Counselors as well as the national HOPE Hotline number. This letter campaign has been a tremendous success. It has generated much activity and awareness. Tennesseans have become aware of the resources available to them through which they can seek assistance.

THDA delivered the NeighborWorks® / Ad Council "Foreclosure Hurts" public service announcement campaign to the state's media outlets. Billboards, print articles and television news stories were run throughout the state in response. THDA partners with the local Foreclosure Prevention Counseling agencies in public forums so that the community became aware of their presence.

THDA participates in a statewide Foreclosure Task Force formed by the Attorney General's office. The group includes the AG's office, the Department of Financial Institutions and the

Division of Consumer Affairs from the Department of Commerce. This working group is collectively pursuing education opportunities and gathering information regarding fraudulent or suspicious activities by entities across the state for which those agencies have jurisdiction. Simple brochures with the counselors' contact information are being distributed through the Department of Labor's Career Centers. The social services referral service (211) has the counselors' list. A locally-focused Public Service Announcement is being developed. The PSA will offer citizens a choice of a phone call to the local 211 line or to check the station's web site for a link to THDA's foreclosure intervention information page. The 211 staff will direct the caller appropriately depending on their current situation.

Tennessee's General Assembly has been kept abreast of the efforts being made in the state in response to the crisis. They have been asked to disseminate information to their constituents. Legislation directed a sub-committee to study and address the foreclosure crisis in Tennessee.

Progress reports are delivered to the REALTOR® and Lender Advisory Boards, and the Statewide Affordable Housing Coalition.

THDA's website has been updated to include Foreclosure Intervention and Prevention information. Tennessee's foreclosure time line, definitions, THDA-certified Foreclosure Counselors and links to other resources are included on the website.

Training and Certification

THDA is currently providing funding to sub-grantees in 23 agencies, including 40 counselors. THDA certified the network of counselors after securing training for them through NeighborWorks®America. It was important that THDA provide geographical coverage so that access was not a hindrance for a homeowner. THDA provided a place-based training in March of 2008. In May, those 40 identified counselors completed their certifications at NeighborWorks® Training Institute in Cincinnati, OH. THDA used the NMFC grant funds to provide scholarships for the trainers.

Peer Sessions are being held across the state for the counselors in order to provide continuing education as they progress through this challenging effort and THDA staff travel throughout the state providing technical assistance.

Data Collection

THDA created a software program to allow the sub-grantee foreclosure counseling agencies involved in the NFMC Grant to report their counseling data through THDA's website. This system allows THDA to collect the data, report to NeighborWorks® and also analyze the data for possible future THDA programs.

In Conclusion

This initiative has provided a myriad of benefits not only to Tennessee homeowners who are facing foreclosure now, but it provides a foundation of Foreclosure Counseling, Education and Awareness for citizens who will be presented with foreclosure in the coming years. This current crisis will come to an end, however, history reveals that through life events such as divorce, death, loss of job and other factors affecting a borrower's ability to pay their mortgage,

foreclosure can become a reality. By building the foundation of counselors, education, information and awareness now, THDA is providing the resources to respond to such issues in the future. THDA plans to continue providing certification and training for post-purchase counseling as well as incorporating more loss mitigation counselors in its network.

As the housing leader in Tennessee, we feel the far-reaching benefits of this initiative far outweigh the costs being incurred presently.

Supporting Documentation:

Letter to homeowners

Foreclosure Brochure

Transcript of NewsChannel5 television interview