

News Release



Leading Tennessee Home

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Program Available Statewide

THDA Purchase Price, Income Limits Increased

NASHVILLE, November 29, 2011 – Recent changes to Tennessee Housing Development Agency (THDA) mortgage loan program will broaden the range of eligible households and houses.

Historically low interest rates and an abundant inventory of homes present a great opportunity for persons ready to invest in homeownership.

“THDA was designed to assist families who are able to make regular payments on a modest home,” said Ted R. Fellman, executive director of THDA. “We are able to offer an affordable interest rate on a 30-year fixed rate mortgage loan. We ask local lenders to make our funds available in the community. With the changes to the purchase price and income limits, we will be able to assist Tennesseans in the moderate income range in addition to those who earn less.”

The new purchase price limits are \$275,000 and \$240,000. The limits are a derivation of the Federal Housing Authority (FHA) limits. The Internal Revenue Service allows for a higher limit in counties of chronic economic distress, to stimulate housing activity, and in high cost areas.

THDA’s board of directors increased the purchase price limits at its November 29 board meeting to be effective December 1, and new maximum income limits became effective August 1. Both purchase and income limits are listed <http://www.thda.org/singlefamily/ftcover.html> and are available through local lenders.

Since being established in 1973, THDA has assisted over 107,000 households purchase homes. Exceptions to the first-time homebuyer rule are allowed. Veterans or their spouses, households that have not owned their principal residence for three years, and buyers in targeted counties, who meet the other guidelines, are not required to be first-time buyers.

THDA makes mortgage funding available through the sale of tax-exempt mortgage revenue bonds to investors. THDA uses those funds to make mortgages and pays the bond holders through the mortgage payments.

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“We are proud of the stability we are able to create for our homebuyers,” said Fellman. “Knowing what your housing costs will be every month forms a foundation for a household budget. We have households who stay with their THDA mortgage for years and some who decide years later to sell and move to a more expensive home. Either choice is a success.

“Additionally we stimulate the broader economy throughout the home buying process.”

For example:

- Customers that might not qualify for the lenders’ programs become connected and begin a relationship with that community institution;
- REALTORS® make the connection between buyer and builder, or existing owner;
- Manufacturers of appliances and other household goods are supported; and
- Builders and building materials suppliers are engaged.

“THDA’s investment in households and the economy is significant,” said Fellman. “For 2010 the total contribution of THDA-related activities to Tennessee’s economy was estimated at \$966.9 million. Of this total, \$478.6 million was directly injected into the economy by THDA-related activities. Every \$100 of THDA-related activities generated an additional \$102 in the business revenues.

“THDA is good for families and it’s good for Tennessee.”

The housing finance agency administers THDA and federal funds across Tennessee through local partners: cities, counties, nonprofit associations, builders and others. More information is available on-line at www.thda.org.

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THDA is a political subdivision of the State of Tennessee, established in 1973. 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 households of very low-, low- and moderate-incomes. THDA made its first mortgage in 1974.

