

News Release



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Leading Tennessee Home

Foreclosures Expected to Continue **Additional Funding Released; \$441,200 for Foreclosure Counseling**

NASHVILLE, December 29, 2010 – Tennessee Housing Development Agency (THDA) received a third grant to support foreclosure prevention counseling efforts. The \$441,200 will enable counselors across the state to provide more foreclosure counseling to homeowners in danger of foreclosure.

THDA began its outreach in foreclosure prevention in November 2007, when the THDA Board of Directors approved an initial investment of \$350,000 of THDA funds to kick off the Foreclosure Prevention Initiative. An additional \$75,000 was presented by the Tennessee Department of Financial Institutions in June of 2008. The first effort was to work with partners to achieve several goals: public awareness, training for counselors, and capacity building for counselors.

“When we began the foreclosure prevention outreach, the homeowners were burdened by adjustable mortgage rate increases that caught them by surprise, or for which they had not budgeted,” said Laura Sinclair, senior director of the THDA Single Family Programs Division. “The emphasis has changed now to households who have lost the ability to pay the mortgage due to the economy.

“We anticipate the number of families affected will increase well into 2010.”

Concerted national efforts began when legislation was signed on December 26, 2007. In response to the nationwide subprime foreclosure crisis, Congress approved and President George W. Bush signed legislation authorizing \$180 million for a National Foreclosure Mitigation Counseling (NFMC) Program. Congress selected NeighborWorks® America (as authorized by the Neighborhood Reinvestment Corporation Act, 42 U.S.C. 8101-8107) to administer the National Foreclosure Mitigation Counseling Program, and directed that funds be prioritized for use in “areas of greatest need”.

In Tennessee, the Metropolitan Statistical Areas that have experienced high foreclosure rates include the following: Cleveland, Jackson, Nashville/Murfreesboro/Franklin, Kingsport-Bristol, Morristown, Chattanooga, Clarksville and Memphis.

The NMFC has released funding in three rounds. THDA is administering a total of \$2,506,189. Round 3 continues the funding for non-profit agencies across Tennessee providing counseling to households fighting foreclosure. With the first two funding rounds, THDA provided training to 40 counselors working in 23 different non-profit offices. THDA reimburses the counseling agencies for the work they provide to the homeowner. The counseling agencies names are found on THDA's foreclosure prevention information page: <http://www.thda.org/foreclosure/foreclosure.html>.

Reduction or loss of income was reported as the reason for foreclosure risk by 60% of the persons helped by the THDA-supported counselors. The nationwide percentage is 54%. Medical issues (12%) and increased expenses (8%) were the next two categories for Tennesseans.

Additional funding for NFMC was provided through the Housing and Economic Recovery Act of 2008 and the Omnibus Appropriations Act of 2009. The National Foreclosure Mitigation Counseling Program is administered through a competitive application process by NeighborWorks® America, within guidelines defined by Congressional legislation. NeighborWorks America is an independent, Congressionally-chartered non-profit organization based in Washington, D.C., with a mission to provide access to sustainable homeownership and safe, affordable rental housing.

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.