

Housing Review

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Tennessee Housing Development Agency

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Great Save Assists Homeowners with Adjustable-Rate Mortgages

Tennessee Housing Development Agency (THDA) is offering assistance to homeowners who have adjustable-rate mortgage (ARM) loans. As of October 1, THDA began administering Great Save, a refinance program for certain homeowners who have ARM loans.

The Great Save program provides a below market fixed rate mortgage to qualified homeowners. Section 3021 (b) of the Housing and Economic Recovery Act of 2008 authorizes THDA to offer this refinancing program using proceeds from Tax Exempt Mortgage Revenue Bonds issued through December 31, 2010. This refinance opportunity is intended to provide relief for homeowners who currently have an ARM loan and will experience a financial hardship due to the loan resetting. Great Save is possible for loans made after December 31, 2001 and before January 1, 2008.

Borrower Eligibility

- Must have household income that does not exceed the current THDA income limits for the county in which the residence is located.
- Must use the Great Save Loan to refinance the qualified mortgage loan on the borrower's primary residence.
- Must complete "Keeping the American Dream" counseling course with an emphasis on Financial Management through a THDA-certified Trainer prior to closing the Great Save Loan.

Requirements for the Program

- Appraised value of the property being refinanced by the Great Save Loan must not exceed the current THDA acquisition cost limits for the county in which the property is located.
- All Great Save Loans must comply with credit underwriting guidelines established by FHA, VA, Fannie Mae or Freddie Mac (no expanded approvals permitted).
- All Great Save Loans in excess of 78% LTV must be insured and/or guaranteed by FHA, VA or a THDA-approved Private Mortgage Insurance Company.

- Borrower's liquid assets (assets which may be liquidated without penalty) must be less than 10% of the qualified mortgage loan balance.
- Cash out refinance is not permitted with a Great Save Loan.
- The interest rate for Great Save loans is equal to the interest rate for THDA Great Rate loans.
- Downpayment and closing cost assistance is not available for Great Save loans.
- "Financial hardship" must be established by demonstrating that any one of the following criteria is met at the time of application for and closing of a Great Save loan: The payment to income ratio based on the current payment for the qualified mortgage loan, or next anticipated rate adjustment will be greater than 31% of current credit qualifying income ("qualifying income"); or
- The payment to income ratio based on the lifetime capped interest rate (fully indexed) of the qualified mortgage loan will be greater than 35% of qualifying income; or
- The lifetime capped interest rate for the qualified mortgage loan exceeds the Great Save interest rate offered by THDA by more than 2%; or
- The qualified mortgage loan includes a prepayment penalty of \$1,000.00 or greater; or An involuntary reduction of household income of at least 5% monthly or increased expenditures due to the death, permanent disability, serious illness or injury of the borrower or co-borrower has occurred since the origination of the qualified mortgage loan.

THDA has identified approximately 22,500 people who own moderately priced homes with an adjustable rate mortgage. In an effort to reach out to as many borrowers as possible, THDA is sending, on a quarterly basis, letters to homeowners in Tennessee who have adjustable rate mortgages that are getting ready to reset. As of this month, THDA has sent out approximately 9,800 letters. Not all adjustable rate mortgages will result in default. The Great Save program is to assist those who will experience a financial hardship due to an increase in the

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Get Registered for the 2008 Governor's Housing Summit

Tennessee Housing Development Agency (THDA) and the Statewide Affordable Housing Coalition will be hosting the 2008 Governor's Housing Summit December 1 and 2, at the Renaissance Nashville Hotel.

The purpose of the summit is to share successes, educate each other on affordable housing opportunities and celebrate our progress. Speakers, exhibitors, and attendees will share what has worked for them and what might work in other areas across the state. This year we will also celebrate THDA's 35th anniversary.

The agenda, sponsorship and exhibit information are all posted at www.thda.org.

With the economy and the housing market in turmoil, THDA has put together a great lineup for this year's summit. In an effort to pique your interest, there will be four tracks: Housing Finance, Best Practices, Changing Demographics and Rental Housing, and THDA Homeownership and New Legislation. Continuing Education credits are available to REALTORS®. Once again, there will be an optional bus tour of local efforts.

Track one on Housing Finance will feature sessions on Shared Equity, Affordable Housing Finance, (HTF, CITC, BUILD and FHLB), Low Income Housing Tax Credits and Effective Grant Writing.

Track two on Best Practices will feature sessions on Work Force Housing, Manufactured Housing (It is all new), Green Building, Community Planning and Financial Literacy.

Track three on Changing Demographics and Rental Housing will feature sessions on Boomer Housing, Universal Design and Visibility, TNHousingSearch.org and Foreclosure Prevention Efforts.

Track four on THDA Homeownership and New Legislation will feature sessions on THDA Homeownership 101 (CEUs for REALTORS®), New Lending Tools and Neighborhood Stabilization Grants.

There is something here for everyone. One of our featured speakers, George McCarthy, senior program officer in Development Finance and Economic Security at the Ford Foundation, will focus on using homeownership to build assets for low-income families and their communities. Other speakers are still to be announced.

Registration is currently open and will close November 24. A secure on-line utility is available for registration at <http://www.thda.org/govsummit/cover.html>. Attendance is capped at 550 persons, make reservations now.

For more information, please send an e-mail to [Patricia M. Smith](mailto:psmith@thda.org). (psmith@thda.org) THDA appreciates your support of Tennessee's affordable housing efforts. We look forward to seeing you there!

Great Save Assistance

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monthly payment when the loan resets.

If you have constituents who are in need of assistance, please direct them to THDA's web site at www.thda.org to locate a participating lender.

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