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### *Foreclosure Intervention Initiative*

Tennessee's Foreclosure Intervention Initiative was launched during the fall of 2007 through the partnership efforts of the Statewide Affordable Housing Coalition and the Tennessee Housing Development Agency. The major components of the Initiative are as follows: Public Awareness Campaign, Counseling Grant Funds, Certification Training, and the Great Save Loan.

**Public Awareness Campaign:** In November, 2007, THDA's Board of Directors approved \$350,000 for development of a foreclosure prevention program for Tennessee. THDA purchased a database of Tennessee homeowners with adjustable rate mortgages with resets from January 1, 2008 and thereafter. The data base contains 22,000 names. A letter is sent out quarterly to those with ARMS resetting in the next quarter, encouraging them to review their mortgage documents and contact one of the certified counselors if the new payments will be onerous. The intention is to reach homeowners before they go into default.

THDA regularly produces news releases for the state's media and elected officials with information about foreclosure filings in Tennessee and the availability of free counseling and foreclosure intervention assistance.

The Tennessee Department of Financial Institutions (TDFI) provided \$75,000 in funding for the Initiative and is partnering with THDA, the State Division of Consumer Affairs and the Office of the State Attorney General to distribute information and refer borrowers to THDA and HUD counselors.

**Counseling Grant Funds:** In December, 2007, THDA learned about congressional funding for the National Foreclosure Mitigation Counseling (NFMC) program. THDA won an award of \$1.3 million in NFMC funds in 2008 and is using these funds to pay 23 non-profit agencies to provide counseling services for Tennesseans facing default and foreclosure. Another \$735,190 in NFMC funds has been approved for THDA's sub-grantees in 2009 when the '08 funding is expended. THDA also won a \$25,000 award of 2009 Legal Assistance funds to help foreclosure customers needing legal counseling.

**Certification Training:** THDA has partnered with NeighborWorks® America to provide certification training for THDA's sub-grantees. To achieve certification, each staff person has to complete seven full days of training and must pass certification exams. Foreclosure intervention counseling is a highly-specialized service and THDA's counseling agencies are not only required to earn certification, but must also adopt the National Industry Foreclosure Counseling Standards.

THDA's certified foreclosure intervention counselors possess a strong knowledge in the area of mortgage default and/or foreclosure intervention counseling, specifically relating to current industry practices of loss mitigation to include loan repayment, forbearance, modification, refinance, loan

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assumption, short sale, deed-in-lieu, community referrals, and other remedies available to the homeowner to avoid foreclosure.

During the fall of 2008, 33 Tennessee non-profit homeownership educators and counselors, and one THDA staff member, attended a five-day post-purchase certification training provided through NeighborWorks® America sponsored by THDA using a NFMC training grant. THDA will be holding more of these trainings because post-purchase education and counseling is another method to help prevent default and foreclosure.

**Great Save Loan:** On September 18, 2008, THDA's Board of Directors approved a new program called Great Save utilizing short-term authority granted by Congress. As with all its homeownership programs, THDA will issue tax-exempt bonds to finance Great Save loans. No state tax dollars are involved.

Homeowners whose adjustable rate mortgage is causing a financial burden and whose incomes and appraised home values fit within THDA's targeted homeownership guidelines may be eligible to refinance their existing mortgage to a 30-year, fixed rate mortgage.

### Questions and/or comments may be directed to:

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