

## INFORMATION FOR TENNESSEE HOMEOWNERS

Tennessee homeowners who are struggling to meet mortgage payments may now receive help through a new federal program ó the Hardest Hit Fund ó that provides forgivable loans to eligible homeowners.

The Hardest Hit Fund Program consists of \$191 million designated to provide forgivable loans of up to \$20,000 to Tennessee homeowners who are unemployed or underemployed, through no fault of their own, and are struggling to make their mortgage payments. This is a federal program through the U.S. Treasury administered in Tennessee by Tennessee Housing Development Agency (THDA).

NeighborWorks Alliance of Tennessee is a consortium of non-profits working with The Tennessee Bankers Association (TBA) to provide early notice to TBA members of the program and facilitate access to program funds. NeighborWorks ó which can be reached by potentially eligible homeowners at **888-588-9129** ó will work with homeowners to complete and submit loan origination documents as well as assist in loan closings.

### **Funds Available**

- Beginning January 4, 2011, homeowners in the 29 Tennessee counties identified as the most heavily impacted are potentially eligible for forgivable loans up to \$ 20,000 to cover up to 18 months of mortgage expense. These counties include: Bedford, Bledsoe, Carroll, Cocke, Crockett, Fentress, Gibson, Greene, Hamblen, Hardeman, Haywood, Houston, Hickman, Jefferson, Lauderdale, Lewis, Madison, Macon, Marshall, McMinn, McNairy, Maury, Monroe, Rhea, Sevier, Shelby, Smith, Trousdale and Warren.
- Beginning March 1, 2011, homeowners in the remaining 66 Tennessee counties are potentially eligible for forgivable loans up to \$15,000 to cover up to 12 months of mortgage expenses.
- Funds may be used to pay past-due, current and future monthly payments on mortgages and mortgage related expenses such as property taxes, homeowner insurance and homeowner dues so homeowners may avoid delinquency and keep their homes.

### **Eligible Homeowners**

- The Hardest Hit Fund Program provides loans to underemployed (income reduced by 50% or more) or unemployed Tennessee homeowners who, through no fault of their own, are financially unable to make mortgage payments and are in danger of losing their homes to foreclosure.
- Homeowners who have previously been unemployed or underemployed and are delinquent because of arrearages accumulated during such period are also eligible.
- The property must be a Tennessee owner-occupied, primary residence only and is limited to existing single-family homes or condominiums, including manufactured homes on foundations permanently affixed to real estate.
- The family can earn no more than \$74,980 annually and the balance on the house cannot exceed \$226,100. All applicants must provide a financial hardship affidavit with appropriate documentation.
- Additional borrower eligibility criteria include:
  - Unemployment or underemployment must have occurred after January 1, 2008
  - Homeowners must have a history of timely mortgage payments
  - Principal, interest, taxes and insurance must be greater than 31% of household income after job loss or reduction of income
  - Borrower must not have more than six months of reserves.
- Should a homeowner become reemployed, they may continue receiving assistance for up to an additional two months after reemployment. If a homeowner becomes reemployed but mortgage payments still exceed 31% of their income, assistance can continue up to the appropriate maximum duration of 12 or 18 months.

Call NeighborWorks Alliance of Tennessee at **888-588-9129** to apply or to receive additional information.