

Media Contact:
Wes Bunch
Communications Coordinator
865-210-1292
wbunch@thda.org



THDA Announces \$15,000 Incentive to Homebuyers In Targeted Neighborhoods

CLEVELAND, Tenn. (Feb. 9, 2016) – The Tennessee Housing Development Agency (THDA) is offering \$15,000 in down payment assistance to homebuyers who purchase a home in targeted neighborhoods that were hard hit by the downturn and have been slower to recover in Cleveland and across the state.

Cleveland Mayor Tom Rowland helped THDA announce the new program [Hardest Hit Fund Down Payment Assistance (HHF-DPA) program] today at a joint press conference at the Cleveland Municipal Building. The program is designed to protect the families already living in these targeted neighborhoods from blight, falling property values, and risk of foreclosure by attracting homebuyers and stimulating home sales, THDA Executive Director Ralph M. Perrey said in a statement.

“Our goal is to provide a shot in the arm to the neighborhoods and housing markets in Tennessee where the effects of the housing crisis have been most difficult to erase,” Perrey said.

“It is a blessing to increase homeownership and improve the property valued of a distressed neighborhoods,” Rowland said. “Even our lower income citizens will have the opportunity to take a step towards home ownership. Something some only dream of is home ownership and now it can become a reality to many in Cleveland. I appreciate THDA’s efforts in making this possible.”

Eligible borrowers who purchase homes in targeted ZIP Codes using THDA’s Great Choice Home Loan program can apply for \$15,000 in HHF-DPA assistance toward their down payment and closing costs in the form of a forgivable second mortgage loan.

“We’re creating a substantial incentive for homeowners to buy in areas that are struggling for sales right now. Increased market activity in these areas will help stabilize property values for existing homeowners, thereby reducing the risk they will fall into delinquency or foreclosure,” said Perrey.

Homebuyers will make no monthly payments on the second mortgage loan during its 10 year term, and it does not accrue any interest. In addition, THDA will forgive 20 percent of the second mortgage loan each year starting in year six. Therefore, if a homeowner does not refinance, sell or move out of their home by the end of the tenth year, the second mortgage loan would be completely forgiven.

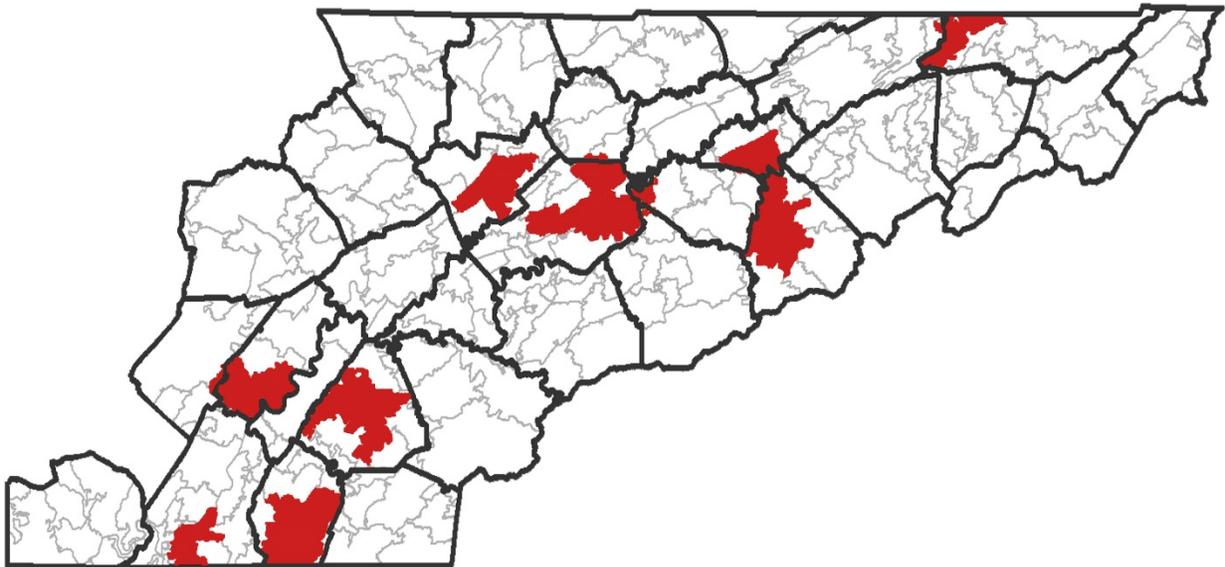
“This program represents a significant increase in the dollar value of the down payment assistance we’re able to offer in these ZIP Codes. As buyers jump on that offer, it’s going to push

property values in the right direction for the entire neighborhood. We want this program to boost to the financial security of every family in the area, not just the ones moving in,” said Perrey.

THDA received approval from the U.S. Department of Treasury to commit \$60 million in federal funding to its new HHF Down Payment Assistance Program. The source of this funding is U.S. Treasury’s Hardest Hit Fund (HHF).

“I want to thank Treasury for allowing us to target the areas in Tennessee that are in need of stabilization. The HHF dollars will continue to be utilized where they can be most effective,” said Perrey.

THDA’s \$15,000 HHF Down Payment Assistance program is available in targeted ZIP Codes based on a number of “stress” factors, including foreclosures, short sales, and negative equity rates. ZIP Codes in East Tennessee include:



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|--------------|-------|-------|
| 37303 | 37412 | 37871 |
| 37311 | 37416 | 37912 |
| 37321 | 37660 | 37914 |
| 37323 | 37716 | 37917 |
| 37404 | 37721 | 37921 |
| 37406 | 37813 | 37924 |
| 37411 | 37821 | |

THDA offers the Great Choice Plus down payment assistance to Great Choice-eligible homebuyers who take advantage of the Great Choice Home Loan program outside of these targeted ZIP Codes. However, the Great Choice Plus down payment assistance is limited to five percent of the home’s purchase price and is not completely forgiven for 30 years.

For additional information, visit THDA.org.

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As the State's housing finance agency, the Tennessee Housing Development Agency (THDA) is a self-sufficient, publicly accountable entity of the State of Tennessee. Our purpose is to meaningfully expand affordable housing opportunities for Tennesseans. More information about THDA can be found online at THDA.org.

