

OFFICE OF HOUSING AND COMMUNITY DEVELOPMENT FORECLOSURE PREVENTION PROGRAM POLICY

I. Overview

The program provides loans to eligible households to pay approved costs necessary to allow a household to prevent foreclosure. Prior to receiving assistance, the applicant must have received case management services from a HUD certified credit counselor, from an agency already receiving financial assistance from the Tennessee Housing Development Agency for financial counseling or Legal Aid of Middle Tennessee and the Cumberland.

After receiving assistance, the household must have an affordable mortgage defined as being a fixed rate mortgage with the household paying no more than 31% of their gross income for the mortgage, insurance and taxes. The household must demonstrate that by receiving the Foreclosure Prevention funds that they have the ability to make future mortgage payments and remain in the home.

II. Eligible Applicants

To be eligible to receive assistance, the applicant must meet the following conditions:

1. The total household income of all residents that will reside in the home must be less than 80% of median income for Clarksville, Tennessee as determined by the Department of Housing and Urban Development (HUD), adjusted by household size.
2. The applicant must have received at least 8 hours of credit/housing counseling from a HUD certified credit/housing counselor, an agency already receiving financial assistance from the Tennessee Housing Development Agency for financial counseling or Legal Aid of Middle Tennessee and the Cumberland.
3. The 8 hours of credit and housing counseling may include group, telephone or individual counseling.

4. The applicant must demonstrate a hardship that caused the homeowner to be delinquent on their mortgage. Examples of a hardship includes, but is not limited to:
 - a. A temporary loss of employment
 - b. A significant, unexpected medical expense
 - c. A significant, unexpected housing expense
 - d. A change in household composition
5. The applicant must be a U.S. Citizen or a permanent resident alien.
6. The applicant must demonstrate the ability to keep any mortgages on the property current after receiving the assistance.
7. If any of the applicants have a bankruptcy, it must be fully discharged before receiving assistance.
2. The applicant must own the delinquent property.

III. Program Requirements

All program funds must be used to assist existing homeowners in preventing foreclosure by paying up to 3 months past due or delinquent housing costs as specified in Section IV. All funds must be used in compliance with Community Development Block Grant-Recovery (CDBG-R) rules.

IV. Use of Funds

Eligible expenses include delinquent mortgage payments (principal, interest and insurance) and late associated with delinquent mortgages with the exception of property taxes.

V. Eligible Properties

All properties assisted with foreclosure prevention funds must meet the following requirements:

1. The property must be located within the City limits of Clarksville, Tennessee.
2. The home must be owner occupied.
3. The property must be a single family residence, condominium, cooperative or town home.
4. The just market value of the property may not exceed \$ 271,050 . _____.
5. The home may not be a mobile home as defined by state law.
6. Following the receipt of assistance, the property may not have any judgments or liens with the exception of a medical or mortgage lien.

VI. Maximum Assistance

The maximum amount of assistance is \$3,000. The amount of assistance that will be provided is the minimum amount necessary to permit an applicant to restructure their mortgage or monthly payment so that the household members are able to remain in the home.

VII. Terms and Conditions

The Foreclosure Prevention Assistance will be provided to the homeowner as a loan, with a 0% interest rate. A lien will be placed on the property for the full amount of the loan, payment of which will be deferred until the home is sold, transferred or the applicant is no longer the primary occupant, whichever occurs first.

VIII. Application Process

Applications will be accepted on a first come, first served basis until all funds are expended. The actual application must be submitted by a HUD certified credit counselor, from an agency already receiving financial assistance from Tennessee Housing Development Agency for financial counseling through Legal Aid of Middle Tennessee and the Cumberland. The HUD counseling agency, financial counselor or attorney must work with the first mortgage lender to make the mortgage affordable to the household. A mortgage is considered affordable when the mortgage, taxes and insurance do not exceed 35% of the applicant's gross family income. The funds will only be utilized as a last resort.

IX. Evaluation and Underwriting

The Director of the Office of Housing and Community Development is authorized to approve eligible applicants in conformance with the CDBG-R regulations consistent with these policy guidelines. The assistance will only be provided if the participating household has a fixed rate mortgage or is able to modify any adjustable rate mortgage to a fixed rate mortgage. Balloon mortgages or negatively amortized mortgages must be modified to a regularly amortized mortgage loan.

X. Closing Process

When all conditions have been met, the designated non-profit provider or staff of the Office of Housing and Community Development will coordinate a closing. The Office of Housing and Community Development will prepare the mortgage and note to protect the program's financial contribution.

XI. Administration of the Program

The Director of the Office of Housing and Community Development and designated staff will oversee the administration of the Foreclosure Prevention Program consistent with these policies. In the event an affected party believes that the Foreclosure Prevention Program staff/Non-profit provider is not interpreting these policies correctly, the affected party must request a meeting with the Director of the Non-profit provider's Director to discuss and seek resolution of the conflict.

If, following a meeting with the Director, the issue remains unresolved, the affected party will have the ability to appeal the Director's decision to the Office of Housing and Community Development Director as defined in the Subrecipient Agreement between the City and the designated non-profit service provider. The written appeal must be filed with the Director of the Office of Housing and Community Development within 15 days of the meeting with the Non Profit service provider. The affected party must, in writing, describe the issue and the reason they believe the interpretation is not accurate. The City Staff will consider the request, within 45 days, and make a final decision. The decision of the City Management Staff is final and may not be further appealed.

XII. Conflicts with State and Federal Law

In the event these policies are found to conflict with State or Federal law now or in the future, the State or Federal law will take precedence. The Director of the Office of Housing and Community Development is authorized to amend these policies to the extent necessary to make these policies consistent with state or federal law or the rules. Within five (5) working days of making any changes to these policies, the Director must notify the City Council Community Development Committee with a description of the changes made to these policies and the reason for any changes.