TNHAF

HOMEOWNER ASSISTANCE FUND

THDA.ORG

Contents

TNHAF

Tennessee Homeowner Assistance Plan

Introduction

The Homeowners Assistance Fund was established under Section 3206 of The American Rescue Plan Act of 2021. The combined assistance provided under the HAF program is $9.9 billion to be administered to states, territories and tribal governments. Of that amount the state of Tennessee was allocated $168,239,035. With approval provided by the office of the Governor, the Tennessee Housing Development Agency (THDA) will administer the HAF funds to those eligible homeowners experiencing a financial hardship related to the Covid-19 pandemic.

On April 14, 2021 and August 2, 2021 the US Department of Treasury provided the Homeowner Assistance Fund (HAF) Guidance. THDA staff will be following this guidance in preparing the HAF program proposal, the TNHAF Plan, to be submitted to the U.S. Department of Treasury for approval by August 21, 2021. The TNHAF plan will be made available to mitigate financial hardships associated with the coronavirus pandemic (Covid-19) to assist in preventing mortgage delinquencies, foreclosures, defaults and other related housing expenses. Eligibility will be determined based on the TNHAF Program Guidelines.

The Covid -19 pandemic has produced abrupt shifts in Tennessee' economic and housing landscape. As the economic crisis unfolded, the federal government passed the CARES Act in late March 2020, classifying the option of forbearance for American homeowners. With the onset of the pandemic unemployment increased dramatically reaching a high of 15.8% in April 2020. With many of Tennessee's household experiencing job loss and/or increased expenses families struggled to make their mortgage payments and found themselves severely delinquent. Although the unemployment numbers have significantly improved many of the recent hires/jobs have been restructured as contract labor. This could cause additional financial hardship on the more fragile income population of workers going forward and adds to the risk of ongoing delinquency and default.

Within a few short months in 2020 the 90+ day mortgage delinquency increased by 250%, a direct result of the rise in unemployment (3). With the continued extensions of the foreclosure moratorium and forbearance options homeowners across the country descended into deeper delinquency. Furthermore it is unclear whether mortgage delinquency rates will show a drop commensurate with the improving employment landscape. The slow exists seen in those homeowners leaving forbearance suggest that leaving forbearance is difficult with most homeowners now in forbearance for over 12 months. The expectation of delinquency due to forbearance is estimated at $90 billion dollars nationally and based on our research data in Tennessee, there may be up to 9500 delinquent mortgage loans with borrowers under 100% AMI that could need assistance to bring their mortgage loans current.

Homeowner’s Assistance Fund Landscape Analysis & Proposal for Defining Social Disadvantage

August 11, 2021

Mortgage Assistance Need in Tennessee

Mortgage Delinquency Rates

The Treasury Department’s guidance indicates that no less than 60% of the assistance should be for homeowners with incomes equal to or less than 100% of the area median income (AMI) for either Tennessee or the median income of the United States, whichever is greater. ***We project an estimate of approximately 9,500 severely delinquent (90+ days) loans for homeowners at or below 100% AMI across the state of Tennessee would be eligible under this provision.***[i] Figure 1 below shows the distribution of serious delinquency rates across the state.

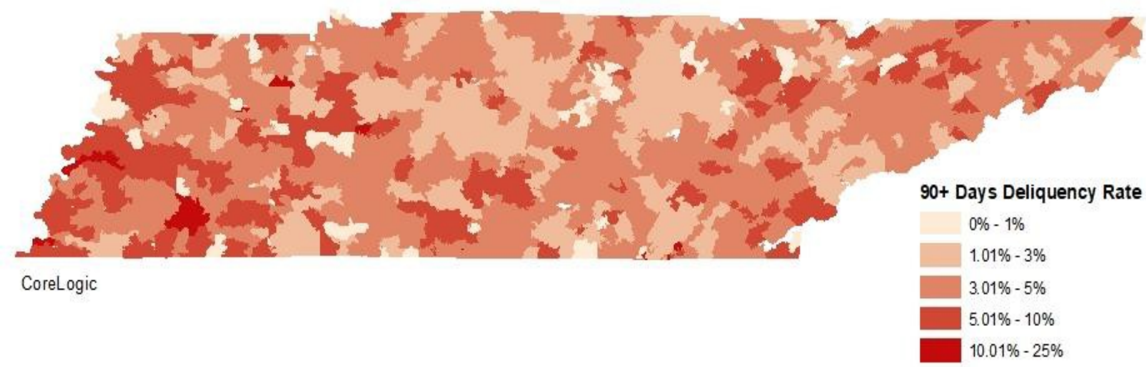


Figure 1: Percent of seriously delinquent loans by census tract

This estimate is downwardly biased because borrowers who are 30+ and 60+ days delinquent are also eligible to receive assistance. Furthermore, due to data limitations, we are not able to calculate the percent of homeowners in Tennessee who are below the U.S. median income, but we estimate that the vast majority of areas in the state have lower AMIs than the median income of the nation. This estimate is also likely upwardly biased by the fact that delinquent borrowers must demonstrate COVID-19 related financial hardships in order to receive assistance and it is likely that some portion of delinquent borrowers faced hardship unrelated to the pandemic.

Prior research conducted by Research and Planning indicated that overall mortgage delinquency (30+ days) as of February 2021 is at 6.1% in Tennessee shrinking from a pandemic peak of 7.7%.[ii] The delinquency rates for FHA borrowers are worse, at approximately 16%.[iii]

Table 1: Mortgage delinquency rates across Tennessee

	Data Source	Feb. 2021	Covid-19 Peak
Mortgage Delinquency Rate	Black Knight	6.1%	7.7%
Severe Mortgage Delinquency Rate (90+ days delinquent)	CoreLogic	THDA unable to disclose raw data values	
FHA-Specific Delinquency Rate	HUD Neighborhood Watch	15.8%	15.6%

Forbearance Rates

In addition to delinquency rates, we determine that mortgage assistance may be most needed in areas that have higher rates in forbearance. The data are sourced from the Atlanta Federal Reserve, whose calculations used Black Knight's McDash Flash daily mortgage performance data (available with a two-day lag) with U.S. Census Bureau 2017 FIPS Codes. Race data is based on 2014-2018 American Community Survey (Source: IPUMS NHGIS, University of Minnesota, www.nhgis.org). We denote the zip codes with the greatest number of homes in forbearance as of March 2021 in Figure 2 below.

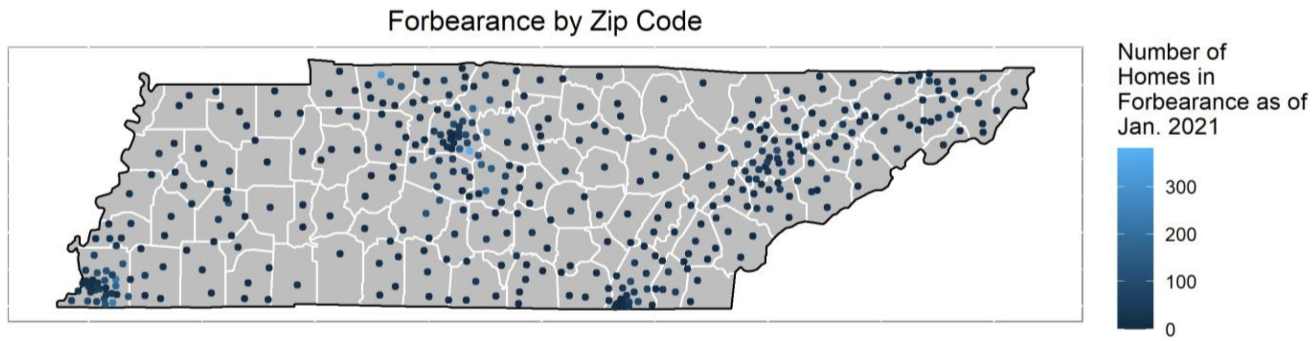


Figure 2: Number of homes in forbearance by zip code *

A sample of this forbearance data is presented in Tables 2a and 2b below. In Table 2a, the ten zip codes with the highest percent of homes in forbearance are listed. These zip codes vary in the range of the percent of minorities in the area.

Table 2a: Top 10 zip codes with highest forbearance rates (Sample of Atlanta Fed Reserve data)

County	Zip Code	% Minority Population	% in Forbearance	% in Delinquency
Gibson County	38330	17.68	11.69	5.19
Shelby County	38115	93.72	11.66	8.87
Grainger County	37811	2.59	10	6.15
Hamilton County	37406	80.36	9.8	10.36
Shelby County	38141	94.44	9.51	8.5
Union County	37866	9.9	9.21	1.32
Shelby County	38125	86.78	8.98	7.78
Shelby County	38128	89.66	8.53	9.47
Hamilton County	37373	2.94	8.33	3.79
Carter County	37687	2.66	8.33	5.56

Source: The data are sourced from the Atlanta Federal Reserve, whose calculations used Black Knight's McDash Flash daily mortgage performance data (available with a two-day lag) with U.S. Census Bureau 2017 FIPS Codes. Race data is based on 2014-2018 American Community Survey (Source: IPUMS NHGIS, University of Minnesota, www.nhgis.org).

In Table 2b, only zip codes that are majority-minority, e.g. comprised of at least 50% minorities, are considered. The majority of these zip codes are in Shelby County. The association between forbearance and percent minority share is moderate suggesting that areas with more minority populations are more likely to have homes in forbearance. The association between delinquency and forbearance is even stronger. ***These results indicate that focusing efforts on areas with higher shares of minority populations will ensure that assistance is targeted towards areas with more homes in mortgage forbearance.***

Table 2b: Top 10 zip codes with highest forbearance rates in majority – minority zip codes (Sample of Atlanta Fed Reserve data)

County	Zip Code	% Minority Population	% in Forbearance	% in Delinquency
Shelby County	38115	93.72	11.66	8.87
Hamilton County	37406	80.36	9.8	10.36
Shelby County	38141	94.44	9.51	8.5
Shelby County	38125	86.78	8.98	7.78
Shelby County	38128	89.66	8.53	9.47
Davidson County	37218	79.89	7.9	5.89
Shelby County	38118	93.73	7.81	13.12
Shelby County	38116	97.06	7.42	10.7
Shelby County	38114	95.07	7.4	11.99
Shelby County	38016	59.89	7.38	4.54

Source: The data are sourced from the Atlanta Federal Reserve, whose calculations used Black Knight's McDash Flash daily mortgage performance data (available with a two-day lag) with U.S. Census Bureau 2017 FIPS Codes. Race data is based on 2014-2018 American Community Survey (Source: IPUMS NHGIS, University of Minnesota, www.nhgis.org).

Proposed Definition of Social Disadvantage

Per guidance from the Treasury Department, any amount not made available to homeowners at or below 100% AMI should be prioritized for individuals who are "socially disadvantaged," who can have incomes up to 150% AMI.[iv] Using guidance from procedures set forth at 13 CFR 124.103(c) or (d),[v] ***we recommend defining social disadvantage with the following process:***

1) First, if an individual identifies as a member of a minority race or ethnicity, then they are deemed socially disadvantaged.
2) If the individual's race and ethnic status is undetermined, then THDA will check to determine whether the individual accessed language assistance to determine if they are limited in English proficiency. If so, then the individual is deemed socially disadvantaged.
3) If the individual's status is still undetermined, THDA will determine the individual's census tract. If the individual lives in a tract that is majority-minority or has a poverty level of above 20%, the individual may be deemed socially disadvantaged.
4) Finally, if not applicable at the tract-level, then the individual's county of residence is one that has been deemed to have "persistent poverty," then the individual may be deemed socially disadvantaged.

Prior administration of the Hardest Hit Fund (HHF) serves as an indicator for projections of usage for CHAF. While the circumstances and parameters associated with HHF are markedly different than those of CHAF, we find that of the 13,000 Tennesseans assisted by HHF, 38% were non-white and 4% were Hispanic. ***Because HHF was used to both assist homeowners with mortgages as well as offer mortgages, unlike CHAF, which is limited to solely mortgage assistance, limiting social disadvantage to only race and ethnicity might not be sufficient.*** Furthermore, to ensure that the funds from CHAF are prioritized for individuals and areas at either 100% AMI or below or individuals that are likely to face discrimination or bias due their membership in a group, we recommend considering other factors of social disadvantage.

Individual-Level Measures

Table 3 below outlines the individual-level factors, their representation in the state, and the intended method of collecting this data. Individuals that identify as members of the groups below in their application or ones considered to be limited English proficient by THDA are considered socially disadvantaged.

Table 3: Proposed individual-level factors of social disadvantage & statistics in Tennessee

	Count	State Percentage	Data Collection Method
Race & Ethnicity of Owner-Occupied Households	1,722,247		
American Indian/Alaska Native	4,102	0.2%	Application
Asian	21,258	1.2%	Application
Black or African American	181,642	10.5%	Application
Native Hawaiian/Pacific Islander	300	0.0%	Application
White	1,487,715	86.4%	Application
Some Other (and two or more)	27,230	1.6%	Application
Hispanic or Latino (of any race)	38,418	2.2%	Application
Speaks English "Less than Well" (Age 5+)	188,706	2.9%	THDA tracks whether individual utilized language assistance in application

Source: American Community Survey (ACS), Five-Year Estimates, 2015-2019

Census Tract-Level Measures

Tables 4a and 4b outline the tract-level factors to consider *if* individual-level factors are undetermined or the individual does not qualify at that level. At the tract-level, we conceive of socially disadvantaged individuals as those who live in tracts with *either* high levels of poverty (as measured by tracts with more than 20% of individuals living below the federal poverty line) *or* are “majority-minority,” e.g. are comprised of more than 50% minorities (as measured by individuals who are Black, American Indian, Asian, Native Hawaiian or Pacific Islander, some other race, or two or more races, or Hispanic).

Table 4a: Proposed tract-level factors of social disadvantage & statistics in Tennessee

	Count	State Percentage
Racial composition (all non-White, owner-occupied households)	234,532	13.6%
Hispanic composition (owner-occupied households)	38,418	2.2%
Poverty status (all persons)	996,930	15.2%

Source: American Community Survey (ACS), Five-Year Estimates, 2015-2019

Table 4b: Top ten census tracts by percent of minority households (Sample of tract social disadvantage measures)

	% of Minority Households	% of Minority Owner-Occupied Housing	% of Total Population Below Poverty
Census Tract 217.53, Shelby County	91.99	75.79	9.92
Census Tract 224.10, Shelby County	96.05	74.13	15.78
Census Tract 217.51, Shelby County	89.93	75.04	11.11
Census Tract 223.22, Shelby County	96.88	71.27	15.04
Census Tract 220.24, Shelby County	93.06	70.61	21.79
Census Tract 222.10, Shelby County	98.37	68.27	26.91
Census Tract 221.21, Shelby County	93.60	67.11	16.72
Census Tract 101.05, Davidson County	75.48	65.81	10.76
Census Tract 217.45, Shelby County	89.48	67.26	3.40
Census Tract 221.30, Shelby County	97.59	62.64	20.30

Source: American Community Survey (ACS), Five-Year Estimates, 2015-2019

Majority-minority (non-white persons comprising more than 50% of the population) census tracts are illustrated in Figure 3 below.

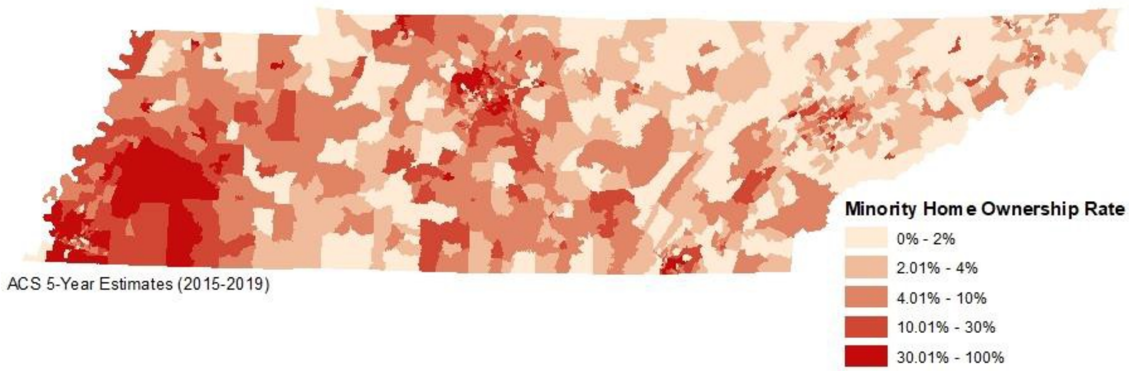


Figure 3: Percent of Minority (All Non-White) homeowners

Over 15% of Tennessee population was below poverty. In more than two thirds of mostly small rural Tennessee counties percent of persons below poverty level was above the state average, as illustrated in Figure 4.

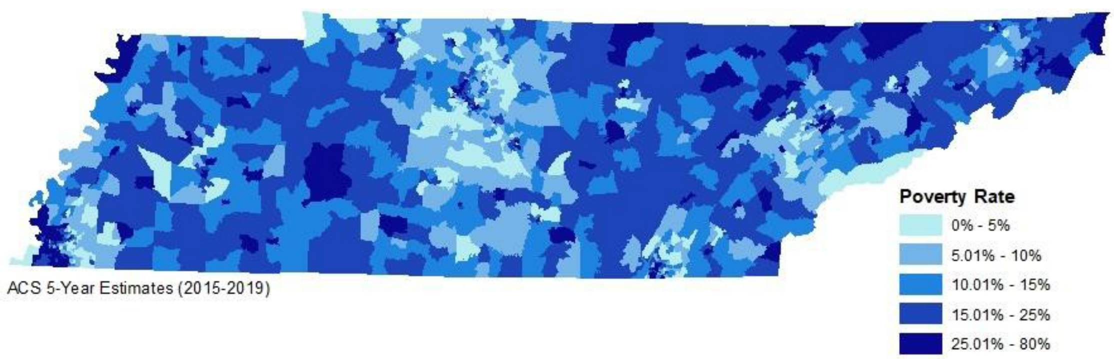


Figure 4: Percent of population below poverty level

County-Level Measures

Finally, if the individual does not qualify based on individual- and tract-level measures, then we recommend using county-level poverty as the final measure of social disadvantage. Per guidance released by the Treasury, this measure as defined by counties that have poverty levels greater than 20% over the last three decades, must utilize data from the decennial Censuses, the latest of which (2020) has yet to be released.

General Household, Economic, and Income Characteristics of Tennessee

Households and Homeowners

Homeowners currently paying a mortgage, which is 60% of all homeowners, are generally more advantaged than other populations in Tennessee. The median home value for this group is approximately $10,000 higher than for all homeowners. Fewer than 25% of homeowners with a mortgage were cost-burdened compared to nearly 50% of renters in the state. A median homeowner household with a mortgage earns nearly $80,000, compared to $55,000 for all households. Table 4 below illustrates some general characteristics of Tennessee homeowners.

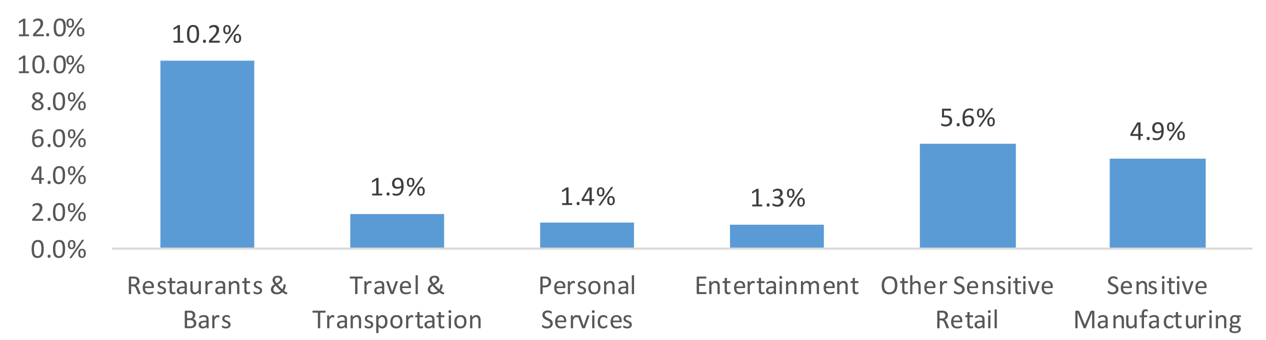
Table 4: General Characteristics of Tennessee Households and Homeowners

Total housing units	2,963,486
-Total occupied housing units	2,597,292
-Total owner-occupied housing units	1,722,247
-Total housing units with a mortgage	1,019,481
Households with a mortgage paying 30-35% of income	64,033
Households with a mortgage paying over 35% of income	183,520
Percent Cost burdened with a mortgage (paying 30% or more)	24%
Median value of owner-occupied housing	$167,200
Median value of owner-occupied with a mortgage	$178,500
Median monthly housing cost for households with a mortgage	$1,244
Median household income (all)	$53,320
-Median household income (Owner-occupied with a mortgage)	$78,977

Source: American Community Survey (ACS), Five-Year Estimates, 2015-2019

Employment in the Most COVID-19 Impacted Sectors in Tennessee

In March 2020, the unemployment rate in Tennessee was 4% and peaked to 15.8% in April 2020, but this varied between counties.[vi] Since then, unemployment rates have stabilized across the state. The statewide unemployment rate in March 2021 was 5.1%.[vii] Nonetheless, the impact of the shutdown was felt by those businesses and their employees. Joseph S. Vavra, using data from BLS, estimated just over 20% of US labor force was employed in the sectors impacted by shut down.[viii] Using Vavra's methodology and the list of four-digit NAICS industry codes,[ix] ***we find that approximately 25% of Tennessee's workforce was employed in sectors that are highly impacted by COVID-19, compared to 20% nationwide.x***



Source: Bureau of Labor Statistics (BLS), Quarterly Census of Employment and Wages, https://data.bls.gov/PDQWeb/en

Figure 7: Employment in the most exposed sectors in Tennessee

We use available data to paint a picture of parts of Tennessee that were highly impacted by Covid19 shutdown and employment loses. Figure 8 below shows the civilian employed population 16 years and over in various major industries.[xi] Various studies list mining/oil and gas, transportation, employment services, travel arrangements, and leisure and hospitality as “vulnerable” sectors [xii]. According to ACS data, as of 2019, a relatively larger share (22.5%) of Tennessee’s civilian workforce was employed in “education, health care and social assistance” sector, followed by manufacturing with 13%.[xiii]

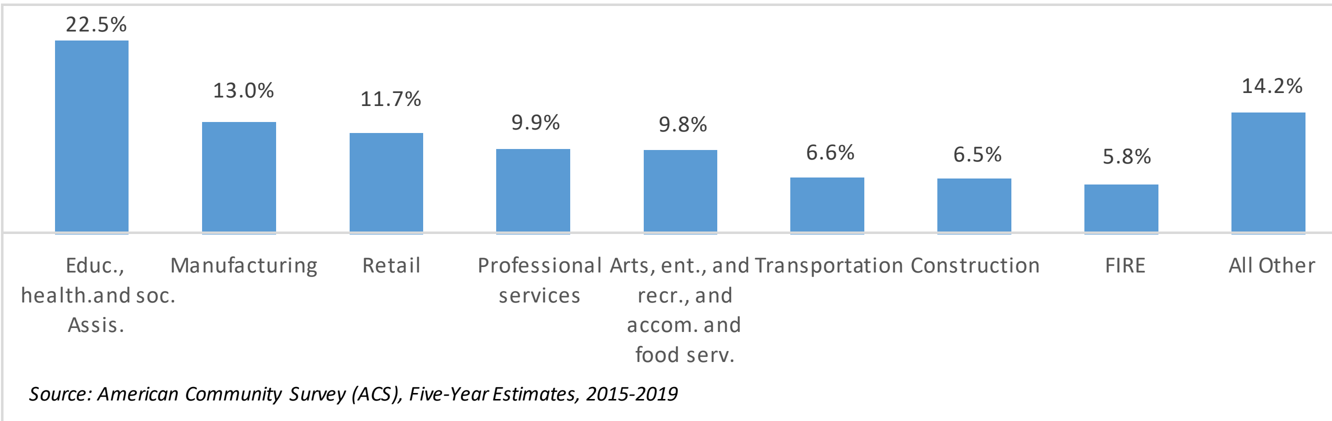


Figure 8: Percent of civilian employment by major industries in Tennessee

“Arts, entertainment and recreation and accommodation and food services” is identified as one of the most impacted sectors in Tennessee. Figure 9 below displays the percentage employment in this field across Tennessee’s tracts. Sevier and Cocke Counties, for example, are home to several tourist attractions and relatively large percentage of their employed population is in this sector. In April 2020 both counties experienced unemployment rates well above the state average and month-over-month increases above 20 percentage points.

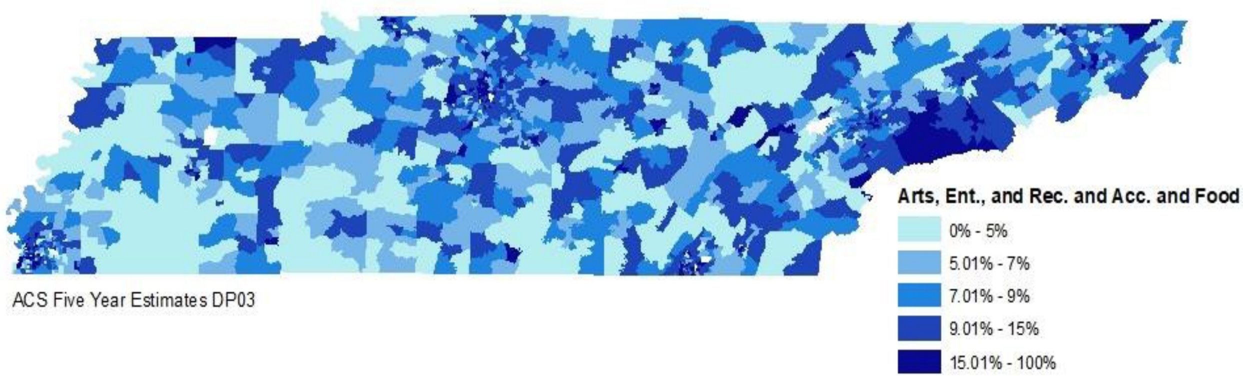


Figure 9: Percent of civilian employment in Arts, Entertainment, Recreation, and Accommodation and Food Services

Income and Poverty

Over 15% of Tennessee population were below the federal poverty level, compared to a national level of 13%. In more than two thirds of mostly small rural Tennessee counties, percent of persons below poverty level was above the state average. Nearly 40% of Tennessee's *owner households* have income less than 100% of AMI. Homeowners with 100 to 140% of AMI[xiv] represent 18% of Tennessee homeowners.

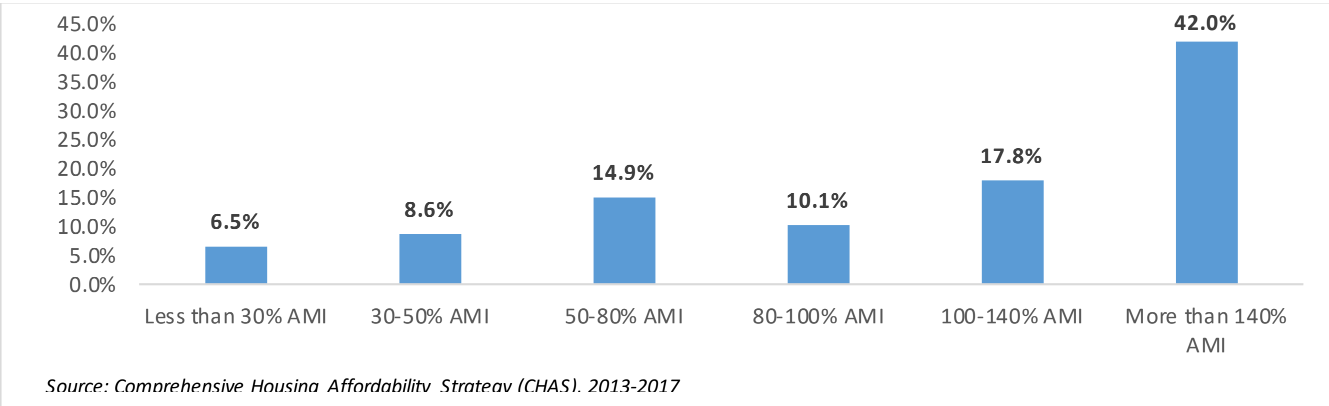


Figure 10: Owner households by income percent AMI in Tennessee

Small rural counties such as Union, Fentress, Hancock and Grundy had relatively higher concentration of homeowners with less than 100% of AMI. In larger, more urban counties such as Williamson, Montgomery, Washington, Madison, the share of homeowners with income less than 100% of AMI was lower than the state average of 40%. The following map shows the share of homeowners with income less than 100% of AMI.

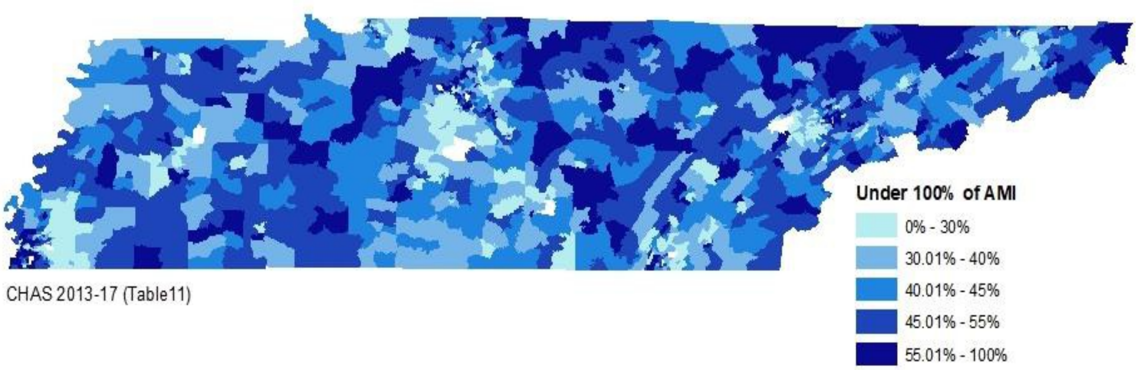


Figure 11: Percent of homeowners with income less than 100% AMI

[i] The most recent data about Tennessee homeowners indicates that 40% of homeowners are below 100% AMI (Source: Comprehensive Housing Affordability Strategy [CHAS], 2013-2017 data).

[ii] Mortgage Monitor (February 2021). *Black Knight*. Retrieved from: https://cdn.blackknightinc.com/wp-content/uploads/2021/04/BKI_MM_Feb2021_Report.pdf

[iii] Tennessee Homeowners During the Pandemic: Mortgage Delinquency, Forbearance, and Foreclosure. (Feb. 1, 2021). *THDA Research and Planning.*

Retrieved from https://thda.org/pdf/RP_Delinq_Feb2021.pdf

[iv] Homeowner Assistance Fund. *U.S. Department of the Treasury.* Retrieved on May 15, 2021 from https://home.treasury.gov/policy-issues/coronavirus/assistance-for-state-local-and-tribal-governments/homeowner-assistance-fund

[v] 13 CFR § 124.103 - Who is socially disadvantaged? *Legal Information Institute. Cornell Law School.* Retrieved on May 27, 2021 from: https://www.law.cornell.edu/cfr/text/13/124.103

[vi] For example, in March 2020, before the shutdown, Rutherford and Williamson Counties had unemployment rates as low as 3.2 percent, while Lincoln and Clay Counties had unemployment rate just over 8%. After the shut-down, in April 2020, the unemployment rate reached to 30.5% in places like SevierCounty.

[vii] Sourced from Local Area Unemployment Statistics, Bureau of Labor Statistics (BLS), https://www.bls.gov/lau/data.htm

[viii] Vavra, J.S., “Shutdown Sectors Represent Large Share of All US Employment.” Chicago, IL: Becker Friedman Institute for Economics at the University of Chicago, March 31, 2020. Retrieved from https://bfi.uchicago.edu/insight/finding/shutdown-sectors-represent-large-share-of-all-us-employment/

[ix] NAICS Classification of sectors impacted by shut down: Restaurants and bars: 7223-7225. Travel and Transportation: 4811,4812, 4853, 4854, 4859, 4881,4883, 7211. Personal Services: 6212, 8121,8129. Entertainment: 7111, 7112, 7115, 7131, 7132, 7139. Other sensitive retail: 4411, 4412, 4421, 4422,

4481, 4482, 4483,4511,4512, 4522, 4531, 4532, 4539, 5322, 5323, 4243, 4413, 4543. Sensitive Manufacturing: 3352, 3361, 3362, 3363, 3364, 3366, 3371,

3372, 3379, 3399, 4231, 4232, 4239, 3132, 3141, 3149, 3152.

[x] Sourced from Quarterly Census of Employment and Wages, Bureau of Labor Statistics (BLS), https://data.bls.gov/PDQWeb/en

[xi] “FIRE” is an acronym for Finance, Insurance, Real Estate and Rental and Leasing. “All Other” includes sectors less than five percent of total employmentindividually, which are “Other services, except public administration,” “Public administration,” “Wholesale Trade,” “Information,” “Agriculture forestry, fishing and hunting, and mining.”

[xii] For example, using Mark Zandi’s Research Note, Mark Muro, Robert Maxim, and Jacob Whiton mapped the employment by industries. See https://www.brookings.edu/blog/the-avenue/2020/03/17/the-places-a-covid-19-recession-will-likely-hit-hardest/ for more detailed analysis.

[xiii] We note that “education, healthcare, and social assistance” were not impacted by the economic shutdowns, but rather, that individuals in these sectorsfaced undue burdens and were exposed to increased risk of contracting COVID-19 due to their professions.

[xiv] Although Treasury’s guidance says that socially disadvantaged populations can have up to 150% of AMI, CHAS does not have income breakouts beyond140% of AMI.

Homeowner Needs and Minority Disparities in Tennessee

Quantitative data or studies evaluating housing disparities or discrimination in the state of Tennessee are predominantly limited to THDA internal research activities and reports. However, a growing body of scholarly and industry research examines historic discrimination and contemporary disparities within the U.S. housing market. This research informs understanding of potential discriminatory patterns in the state of Tennessee and shows that while the most blatant forms of discrimination have declined over time in most communities, racial and ethnic discrimination persist in the contemporary U.S. housing market. Research studies present evidence of continued residential segregation in U.S. markets due to discriminatory market practices, such as steering potential minority homebuyers into lower income neighborhoods or communities of color.

A wide array of studies, including some those cited below, document disparities in the U.S. housing market between white households and racial and ethnic minorities, particularly black and Hispanic/Latino households, before and after the Great Recession. Black and Hispanic/Latino households have persistently experienced higher loan denial rates, higher loan costs and lower home equity compared to white households. Black households face the most significant disparities in the U.S. housing finance market when compared with white households, and this holds true in the state of Tennessee. Disparities in home equity and value may lead to racial/ethnic disparities in household wealth and well-being because the equity built in one's home is often the greatest source of wealth for U.S. households.

Studies or reports on discrimination and racial/ethnic disparities within the U.S. housing market that contributed to the evaluation of which demographic segments have historically experienced discrimination in the housing or housing finance market are included below. Citations and summaries of THDA research reports that examine housing discrimination and disparities in the state of Tennessee follow.

Citations for Research on Housing Discrimination and Racial/Ethnic Housing Disparities

Loya, Jose. 2020. *Social Stratification in the Mortgage Market Post the Great Recession*. Unpublished Doctoral Dissertation, University of Pennsylvania.

Taylor, Keeanga-Yamahtta. 2019. *Race for Profit: How Banks and the Real Estate Industry Undermined Black Homeownership*. Chapel Hill: University of North Carolina Press.

Perry, Andre M., Jonathan Rothwell, and David Harshbarger. *The Devaluation of Assets in Black Neighborhoods*. Brookings Institute. February 17, 2021. https://www.brookings.edu/research/devaluation-of-assets-in-black-neighborhoods/

Rothstein, Richard. 2017. *The color of law: A forgotten history of how our government segregated America* (1st ed.). New York, NY: Liveright.

Faber, Jacob W. 2018. *Segregation and the Geography of Creditworthiness: Racial Inequality in a Recovered Mortgage Market*. Housing Policy Debate, 28:2, 215-247.

Faber, Jacob W. and Ingrid Gould Ellen. 2016. *Race and the Housing Cycle: Differences in Home Equity Trends Among Long-Term Homeowners*. Housing Policy Debate 26(3):456–73. https://wagner.nyu.edu/files/faculty/publications/Faber_Ellen_2016_Race_and_the_Housing_Cycle.pdf

U.S. Department of Housing and Urban Development, Office of Policy Development and Research (& The Urban Institute). June 2013. *Housing Discrimination against Racial and Ethnic Minorities, 2012*. https://www.huduser.gov/portal/Publications/pdf/HUD-514_HDS2012.pdf

Citations and Summary of Recent THDA Research and Planning Division Reports – Relevant to Housing Discrimination or Racial/Ethnic Housing Disparities

Citation: Tennessee Housing Development Agency (Hulya Arik Ph.D. and Kevin C. McCarthy, AICP). January 2021. Issue Brief, Part Two of a Six Part Series Examining Issues of Fair Housing in Tennessee: *Racial and Ethnic Disparities in Home Mortgage Originations in Tennessee.* https://thda.org/pdf/RP_MortgageDisparitiesBrief.pdf

In this research brief, Home Mortgage Disclosure Act (HMDA) data reported by institutions in Tennessee for the years 2013-2018, supplemented with information from other sources, is examined to reveal racial disparities and identify where possible discriminatory patterns exist in mortgage market outcomes. Relevant findings:

- While the overall rate of loan denial decreased among all applicants in Tennessee during the period, disparities increased. In 2013, loan applications from black loan applicants were 84 percent more likely to be denied than white loan applicants. Five years later, black Tennesseans were 90 percent more likely to be denied than their white counterparts
- Differences in income across racial groups in Tennessee do not explain racial disparities in loan denial rates. Black Tennesseans with the highest incomes are more than twice as likely as their white peers to experience a mortgage application denial. Race is a stronger predictor of loan denial than income and associated indicators of creditworthiness.
- The gap in homeownership rates between black and white Tennesseans is most pronounced in and around Memphis, home to more than 40 percent of black Tennesseans.

Citation: Tennessee Housing Development Agency (Laura Swanson and Teresa Anderson). January 2021. Issue Brief, Part One of a Six Part Series Examining Issues of Fair Housing in Tennessee: *Fair Housing Perspectives.* https://thda.org/pdf/RP_Fair-Housing-Perspectives-Final-1-7-2021.pdf

The research brief summarizes key observations from research associated with THDA's analysis of impediments to fair housing choice conducted primarily in 2019. Relevant findings:

- Black and Hispanic households experience lower income levels than white, non-Hispanic and Asian households in Tennessee and higher housing cost burdens. Almost 31 percent of black homeowners and 27 percent of Hispanic homeowners in Tennessee face cost burdens compared with 18 percent of white homeowners (HUD's Comprehensive Housing Affordable Strategy data).
- Black and Hispanic respondents to a fair housing survey reported being discouraged or denied housing at a higher rate than white (non-Hispanic) respondents, whether searching for a home to rent or buy. Thirty-eight percent of black and 50 percent of Hispanic respondents reported being discouraged or denied a homeownership opportunity, compared with 26 percent of white (non-Hispanic) respondents.
- Disability and race are the protected classes associated with the most reports of alleged housing discrimination in Tennessee over the past ten years (HUD-FHEO).

Citations: Tennessee Housing Development Agency, Division of Research & Planning (Hulya Arik, Ph.D.). *Tennessee Home Loan Trends 2018 & 2019: Analysis from Home Mortgage Disclosure Act (HMDA) Data.* https://thda.org/pdf/RP_HMDA_HomeLoanTrends_2019.pdf; https://thda.org/pdf/RP_HMDA_2018_Report.pdf

THDA regularly publishes home loan trend reports using HMDA data that provide an overview of mortgage market activity and lending patterns in Tennessee. Relevant findings related to racial/ethnic disparities from the reports (using HMDA data from 2009-2019):

- Since 2013, the share of loans originated for black borrowers has been increasing; however, the share of lending for black borrowers was still lower in 2019 than what it was prior to the financial crisis. In 2009, the percent of home purchase loans to black borrowers was 7.9 percent and in 2019, it was 7.3 percent. In comparison, the percent of home purchase loans to white borrowers was 82.3 percent in 2009 and 80.1 percent in 2019. The percent of home purchase loans to Hispanic or Latino borrowers in 2019 were the highest they have been in the past 10 years at 4.7 percent compared with 2.4 percent in 2009. Tables within each report provide detailed data for the last 10 years on loan originations by borrower characteristics.
- Denial rates for all loan applicants declined year over year in 2018 and 2019. However, denial rates for minorities were still higher than for white borrowers with black households facing the highest denial rates.
- Black borrowers have the lowest average and median income followed by Native Hawaiian borrowers. For example, in 2018, 39 percent of black borrowers had “low-to moderate incomes” (at or below 80 percent of Area Median Income (AMI)), while 28 percent of all borrowers were LMI.
- Counties that have a high percentage of black households also have a relatively higher percentage of all loans originated for black borrowers (compared with other Tennessee counties). However, even among counties with a high percent of black households, there is still a large discrepancy between the black households share in total households and their share in total home purchase loan originations.
- Minority borrowers are more likely to use nonconventional loan products. A higher percentage of both black and Hispanic/Latino borrowers receive FHA-,VA- or USDA-insured home mortgage loans than white borrowers. For example, in 2019, 64 percent of black households and 47 percent of Hispanic households purchased a home using a non-conventional loan compared with 34 percent of white households and 17 percent of Asian households.
- Since 2011, black borrowers received the highest percentage of higher-priced loans, across all race categories. The proportion of black borrowers who received higher-priced home purchase loans was higher than white borrowers, even among borrowers within the same income group.

Community Engagement and Outreach

Based on the initial Treasury guidance dated April 14, 2021, THDA staff began outreach to the network of housing counseling agencies that currently work in the housing education, foreclosure prevention and housing counseling arena. Many of these same agencies participated by providing services to homeowners in the Hardest Hit Program. Several WebEx meetings were conducted in May 2021 initially to provide the framework of the program provided through the guidance. A request was then made of those non-profit agencies to consider the needs of homeowners with Covid hardships and present a plan of services by May 31, 2021. In July 2021 THDA held a face to face meeting with the Executive Directors of the Tennessee NeighborWorks affiliates to further discuss a broad approach to assist HAF applicants.

In May of 2021 THDA staff also conducted a WebEx with the TN Legal Aid group. This consisted of legal aid offices throughout the state. A request was made of the TN Legal Aid office to provide a plan of services that could be provided to HAF eligible homeowners. TN Legal Aid provided a plan to THDA in early June of 2021.

On July 28, 2021 THDA held a public board meeting. The HAF program was presented to the board which provided time at the board meeting for public comment. Based on the anticipated program activities the board approved THDA’s administering the program. In addition, a HAF Public Notice has been published on the THDA.org site and will be posted from August 13, 2021 through August 20, 2021.

THDA will use the data analysis provided to target continued outreach to minority communities and households with less than 100% AMI. The communication department is working with the executive staff and the research staff to identify these priorities. THDA's communication staff will then develop a marketing plan that should include social media advertising, available print ad options, earned media events and purchased advertising. Advertising will be appropriately translated for those targeted communities. In addition the contracted call center vendor is required to have Spanish speaking call center staff as well as a translation services for other languages. THDA also has a contract through the state with a language translation vendor to assist non-English speaking homeowners that need assistance as well. In addition our non-profit housing counselor agencies will offer assistance to homeowners with limited English proficiency to include but not be limited to application assistance, education and counseling.

Program Design

In an effort to assist homeowners with delinquent and defaulted mortgage loans due to covid related hardships; the TNHAF Program will offer a reinstatement option, reinstatement plus continued payments and principal reduction or extinguishment of amortizing secondary financing (down payment assistance loans provided by non-profit housing agencies).

Initial structure of the TNHAF Program will include but not be limited to the following:

- Household income limit of $119,850 statewide
- Must be a 1 to 4 unit single-family residence, located in Tennessee and occupied by homeowner(s) as their primary residence.
- Maximum assistance provided is $40,000 per household
- Must have a Covid related hardship after January 21, 2020.
- Funds are provided by a forgivable grant.

The TNHAF program will offer the following assistance to eligible homeowners:

- Mortgage payment assistance which may include but not be limited to; mortgage payments to include principal, interest, taxes and insurances, homeowner association fees or liens, lot rentals and/or condo association fees.
- Principal reduction or lien extinguishment of subordinate amortizing liens for borrowers with less than 60% AMI provided through non-profit housing agencies.
- Financial assistance to reinstate a mortgage and/or pay other expenses related to a period of forbearance, delinquency, or default associated with the mortgage delinquencies on the homeowner's primary residence.
- Financial assistance to pay delinquent taxes to prevent tax foreclosures.
- Financial assistance to pay delinquent homeowner association (HOA) dues to prevent HOA foreclosures.

- Counseling, advocacy, application assistance, or educational efforts by housing counseling agencies approved by HUD, or legal services, targeted to eligible households related to foreclosure prevention or displacement.

THDA works with a strong network of HUD housing counseling agencies in delivering a variety of education and counseling services. This network of Housing counseling providers as well as legal aid providers will provide services to include but not be limited to application assistance, mortgage crisis education, foreclosure prevention, housing counseling and legal advocacy activities. Based on the Treasury guidance 5% of the allocation (up to $8.4 mil) will be used to pay these service providers.

Based on the expected activities that a HUD housing counseling agency would provide the anticipated fee schedule for services follows:

First Tier- Application assistance- specific to HAF applicants that may struggle to complete the application, understand documentation requirements or have limited access to the internet or computers. -Fee earned $700 per eligible applicant. This will not be earned on those applicants that have the ability and desire to do this on their own.

Second Tier- Education piece to include; understanding forbearance, loss mitigation options, understanding FHA claim, understanding the foreclosure moratorium and how it applies, available options under private mortgage insurers, and working best with your servicer in a crisis. THDA's internal HUD counselors have been developing the curriculum. – Fee earned $500

Third Tier- Counseling – one on one crisis counseling and budgeting. This will be required for homeowners that receive continued payments after reinstatement of their loan. These homeowners have recaptured less than 90% of their pre-pandemic income. Fee earned $700

At the end of foreclosure moratoriums the anticipation is that there will be a glut of foreclosure filings. Grant funding will be provided to allow HUD Counseling Agencies and TN Legal Aid to build capacity, increase staffing, or provide one on one advocate services or legal services for borrowers finding themselves trying to maneuver through foreclosure action.

The TNHAF program will begin with a pilot that will provide assistance to the THDA MRB portfolio. THDA MRB portfolio loans are 97% government loans with the large majority of homeowners at our below 100% AMI. Both the Pilot and Phase 1 will provide reinstatement and reinstatement to include future payments. It is anticipated that the TNHAF Pilot will begin in mid- August and Phase 1, which will open the program up to other homeowners with outside servicers, in October. Phase 2 will provide principal reduction on secondary amortizing loans that were provided to the homeowner through a non-profit housing agency. The homeowners receiving Phase 2 funds will be at or below 60% of the national AMI. The Phase 2 eligible homeowners are the most fragile population with limited discretionary income and most like to have been effected by income losses due to the covid pandemic. THDA expects Phase 2 to begin early February.

The following TNHAF Term Sheets (3) cover the Pilot, Phase 1 and Phase 2:

Tennessee Housing Development Agency

Homeowners Assistance Fund Program (HAF)

Summary Guideline

Pilot

1. Program overview	The Tennessee Housing Development Agency (THDA) Tennessee Homeowner Assistance Fund (TNHAF) will provide assistance to homeowners for the purpose of preventing homeowner mortgage delinquencies, defaults, foreclosures, and displacements of homeowners experiencing financial hardship after January 21, 2020. HAF funds will be used to eliminate or reduce past due payments and other delinquent amounts, including payments under a forbearance plan. HAF funds may be used to bring account fully current, with no remaining delinquent amounts, and to repay amounts advanced by the lender or servicer on the borrower's behalf for property charges, including property taxes, hazard insurance premiums, flood or wind insurance premiums, ground rents, condominium fees, cooperative maintenance fees, planned unit development fees, homeowners' association fees or utilities that the servicer advanced to protect lien position. Payment may also include any reasonably required legal fees. HAF funds may be used to provide payment assistance to homeowners unable to make full mortgage payments due to a continuing financial hardship associated with the Coronavirus pandemic. HAF funds may be used to supplement other loss mitigation options offered by the servicer under investor requirements or where, without HAF funds, the homeowner would not qualify for that loss mitigation option.
2. Maximum amount of assistance per homeowner	Each Homeowner will be eligible for up to $40,000 through this program to be used only for the homeowner's primary residence.

3. Target Population /Areas	This program will be available in all Tennessee counties. Not less than 60% of available TNHAF funds must be used for homeowners having incomes equal to or less than 100% of the area median income or equal to 100% of the median income of the United States, whichever is greater. Any amount not made available to homeowners that meet this income-targeting requirement must be prioritized for assistance to socially disadvantaged individuals, with funds remaining after such prioritization being made available for other eligible homeowners.
4. Program Funds	• Pilot Allocation $16,823,903 • Program Funds $8,411,952 • Administrative Funds of $8,411,952 included in the administrative allocation total of $25,235,405.
5. Homeowner eligibility Criteria and documentation criteria	In order to be eligible for assistance under TNHAF Pilot Program, homeowners must meet the following criteria: • Have a mortgage loan serviced by Volunteer Mortgage Loan Services. • Homeowner has experienced an eligible financial hardship (lasting at least 30 days), related to the Coronavirus Pandemic, of involuntary loss of income equal to or greater than 10% due to a death of a spouse/domestic partner or occupying co-borrower, temporary loss of wages or an eligible increase in expenses related to the Coronavirus Pandemic (as defined in the program guidelines) which occurred after the purchase of the home and occurred or was ongoing after January 21, 2020. • Homeowner is required to complete and sign a financial hardship affidavit with appropriate documentation as to the cause of the hardship, as specified in the program guidelines. • Homeowner is required to sign program specific documents as listed in the program guide. • Homeowner is required to complete housing education/ counseling before funds are released. Type of counseling required will be determined by the type of assistance provided. Eligibility for program assistance will be determined by THDA in its sole discretion, based on the criteria stated above and as otherwise set forth in the program guidelines. The TNHAF funds will be allocated as dictated by Treasury requirements.

6. Mortgage Eligibility Criteria	Eligible mortgage means any credit transaction (1) that is secured by a mortgage, deed of trust, or other consensual security interest on a principal residence of a borrower that is (a) a one to four unit dwelling, or (b) a residential real property that includes a one to four unit dwelling; and (2) the unpaid principal balance(s) of which was at the time of origination, not more than the conforming loan limit. Tennessee owner-occupied, primary residences only.
7. Program Exclusions	• Homeowner is in "Active" Bankruptcy, unless permission to proceed is obtained from the Bankruptcy Court and it must be submitted with the initial application. • Non-arm's Length Land contracts • Ownership Structures other than a "Natural Person" (i.e., LLP, LP or LLC.) ******See HAF Program Guide for additional exclusions.**
8. Duration of Assistance	Funds will not be provided past December 1, 2026.
9. Estimated Number of Participating Households	Approximately 550 Households
10. Program Inception/Duration	Pilot program will launch August 16, 2021 or sooner. HAF Pilot applications will end when Pilot funds are fully reserved or by September 30, 2026, whichever comes first. Funding completed by December 1, 2026.
11. Program Interactions with Other HFA Programs	No Restrictions.
12. Program Leverage with Other Financial Resources	No Restrictions.

Tennessee Housing Development Agency

Homeowners Assistance Fund Program (HAF)

Summary Guideline

Phase 1

1. Program Overview	The Tennessee Housing Development Agency (THDA) Tennessee Homeowner Assistance Fund (TNHAF) will provide assistance to homeowners for the purpose of preventing homeowner mortgage delinquencies, defaults, foreclosures, and displacements of homeowners experiencing financial hardship after January 21, 2020. HAF funds will be used to eliminate or reduce past due payments and other delinquent amounts, including payments under a forbearance plan. HAF funds may be used to bring account fully current, with no remaining delinquent amounts, and to repay amounts advanced by the lender or servicer on the borrower's behalf for property charges, including property taxes, hazard insurance premiums, flood or wind insurance premiums, ground rents, condominium fees, cooperative maintenance fees, planned unit development fees, homeowners' association fees or utilities that the servicer advanced to protect lien position. Payment may also include any reasonably required legal fees. HAF funds may be used to provide payment assistance to homeowners unable to make full mortgage payments due to a continuing financial hardship associated with the Coronavirus pandemic. HAF funds may be used to supplement other loss mitigation options offered by the servicer under investor requirements or where, without HAF funds, the homeowner would not qualify for that loss mitigation option.
2. Maximum Amount of Assistance Per Homeowner	Each Homeowner will be eligible for up to $40,000 through this program to be used only for the homeowner's primary residence.

3. Target Population /Areas	This program will be available in all Tennessee counties. Not less than 60% of available TNHAF funds must be used for homeowners having incomes equal to or less than 100% of the area median income or equal to 100% of the median income of the United States, whichever is greater. Any amount not made available to homeowners that meet this income-targeting requirement must be prioritized for assistance to socially disadvantaged individuals, with funds remaining after such prioritization being made available for other eligible homeowners.
4. Program Funds	• Total Allocation $168,239,035 • Program Funds for Phase 1 $106,179,276 • Reserved for counseling fees/legal aid assistance $8,411,952 • Administrative Funds $25,235,855 (Total for all program phases)
5. Homeowner Eligibility Criteria and Documentation Criteria	In order to be eligible for assistance under the TNHAF Program, homeowners must meet the following criteria: • Homeowner has experienced an eligible financial hardship (lasting at least 30 days), related to the Coronavirus Pandemic, of involuntary loss of income equal to or greater than 10% due to a death of a spouse/domestic partner or occupying co-borrower, temporary loss of wages or an eligible increase in expenses related to the Coronavirus Pandemic (as defined in the program guidelines) which occurred after the purchase of the home and occurred or was ongoing after January 21, 2020. • Homeowner is required to complete and sign a financial hardship affidavit with appropriate documentation as to the cause of the hardship, as specified in the program guidelines. • Homeowner is required to sign program specific documents as listed in the program guide. • Homeowner is required to complete housing education/ counseling before funds are released. Type of counseling required will be determined by the type of assistance provided. Eligibility for program assistance will be determined by THDA in its sole discretion, based on the criteria stated above and as otherwise set forth in the program guidelines. The TNHAF funds will be allocated as dictated by Treasury requirements.

6. Mortgage Eligibility Criteria	Eligible mortgage means any credit transaction (1) that is secured by a mortgage, deed of trust, or other consensual security interest on a principal residence of a borrower that is (a) a one to four unit dwelling, or (b) a residential real property that includes a one to four unit dwelling; and (2) the unpaid principal balance(s) of which was at the time of origination, not more than the conforming loan limit. Tennessee owner-occupied, primary residences only.
7. Program Exclusions	• Homeowner is in "Active" Bankruptcy, unless permission to proceed is obtained from the Bankruptcy Court and it must be submitted with the initial application. • Non-arm's Length Land contracts • Ownership Structures other than a "Natural Person" (i.e., LLP, LP or LLC.) ******See HAF Program Guide for additional exclusions.**
8. Duration of Assistance	Funds will not be provided past December 1, 2026.
9. Estimated Number of Participating Households	Approximately 3,800 Households
10. Program Inception/ Duration	HAF applications will end September 30, 2026 or until funds are fully reserved, whichever comes first. Funding completed by December 1, 2026.
11. Program Interactions with Other HFA Programs	No Restrictions.
12. Program Leverage with Other Financial Resources	No Restrictions.

Tennessee Housing Development Agency

Homeowners Assistance Fund Program (HAF)

Summary Guideline

Phase 2

1. Program overview	The Tennessee Housing Development Agency (THDA) Tennessee Homeowner Assistance Fund (TNHAF) will provide assistance to homeowners for the purpose of preventing homeowner mortgage delinquencies, defaults, foreclosures, and displacements of homeowners experiencing financial hardship after January 21, 2020. HAF funds will be used to provide a principal reduction of amortizing secondary liens which were originated by an eligible non-profit agency as down payment assistance. The homeowner must meet the program eligibility criteria for a qualifying hardship and fall below 60% of the national AMI. Homeowners who have already received assistance for reinstatement of first mortgage liens and other qualifying assistance may receive principal reduction of up to any remaining funds up to the program limit of $40,000.
2. Maximum amount of assistance per homeowner	Each Homeowner will be eligible for up to $40,000 through this program to be used only for the homeowner's primary residence.
3. Target Population /Areas	Homeowners with incomes at or below 60% national AMI, who have an amortizing second lien used as down payment assistance.
4. Program Funds	• Total Allocation $168,239,035

	• Program Funds $20,000,000 • Total Administrative Funds $25,235,855 (Total for all program phases)
5. Homeowner eligibility Criteria and documentation criteria	In order to be eligible for assistance under TNHAF Principal Reduction, homeowners must meet the following criteria: • Have an amortizing second mortgage lien originated through an eligible non-profit agency as down payment assistance. • Homeowner's income is at or below 60% AMI. • Homeowner has experienced an eligible financial hardship (lasting at least 30 days), related to the Coronavirus Pandemic, of involuntary loss of income equal to or greater than 10% due to a death of a spouse/domestic partner or occupying co-borrower, temporary loss of wages or an eligible increase in expenses related to the Coronavirus Pandemic (as defined in the program guidelines) which occurred after the purchase of the home and occurred or was ongoing after January 21, 2020. • Homeowner is required to complete and sign a financial hardship affidavit with appropriate documentation as to the cause of the hardship, as specified in the program guidelines. • Homeowner is required to sign program specific documents as listed in the program guide. • Homeowner is required to complete housing education/ counseling before funds are released. Type of counseling required will be determined by the type of assistance provided. Eligibility for program assistance will be determined by THDA in its sole discretion, based on the criteria stated above and as otherwise set forth in the program guidelines. The TNHAF funds will be allocated as dictated by Treasury requirements.
6. Mortgage Eligibility Criteria	• Must be an amortizing second mortgage lien originated through an eligible non-profit agency as down payment assistance. • Tennessee owner-occupied, primary residences only.
7. Program Exclusions	• Homeowner is in "Active" Bankruptcy, unless permission to proceed is obtained from the Bankruptcy Court and it must be submitted with the initial application. • Non-arm's Length Land contracts • Ownership Structures other than a "Natural Person" (i.e., LLP, LP or LLC.) ******See HAF Program Guide for additional exclusions.**

8. Duration of Assistance	Funds will not be provided past December 1, 2026.
9. Estimated Number of Participating Households	Approximately 500 Households
10. Program Inception/ Duration	Phase 2 will launch on February 1, 2022. HAF applications will end September 30, 2026 or until funds are fully reserved, whichever comes first. Funding completed by December 1, 2026.
11. Program Interactions with Other HFA Programs	No Restrictions.
12. Program Leverage with Other Financial Resources	No Restrictions.

TNHAF Budget

Tennessee was allocated $168,239,035 in HAF funding. THDA will dedicate 15% of the funds to the administrative budget ($25,235,855), 5% to HUD Counseling Agency service fees, capacity funds and Legal Aid services ($8,411,951) and the remainder to program benefits to homeowners ($134,591,229). Attached is a sample budget items that are to be expected for the administration of the program.

	For HAF Schedule							
		Cumulative Actual Expenses	**Actual Budget**	% Used	**Prposed NEW Budget**	**%**	**Reduction in Budget**	
Line	***One-time / Start-Up Expenses:***							
Line 42	Initial Personnel						$0.00	
Line 43	Building, Equipment, Technology						$0.00	
Line 44	Professional Services						$0.00	
Line 45	Supplies / Miscellaneous						$0.00	
Line 46	Marketing /Communications						$0.00	
Line 47	Travel						$0.00	
Line 48	Website development /Translation						$0.00	
Line 49	Contingency					0%	$0.00	
Line 50	**Subtotal**						**$0.00**	
	Operating / Administrative Expenses:							
Line 51	Salaries						$0.00	
Line 52	Professional Services (Legal, Compliance, Audit, Monitoring)						$0.00	
Line 53	Underwriting and Processing Services						$0.00	
Line 54	Call Center Services						$0.00	
Line 55	Information Technology & Communications						$0.00	
Line 56	Office Supplies/Postage and Delivery/Subscriptions						$0.00	
Line 57	Risk Management/ Insurance						$0.00	
Line 58	Training						$0.00	
Line 59	Marketing/PR						$0.00	
Line 60	Miscellaneous					0%	$0.00	
Line 61	**Subtotal**	**$0.00**	**$0.00**		**$0.00**	**#DIV/0!**	**$0.00**	
	Transaction Related Expenses:							
Line 62							$0.00	
Line 63	Wire Transfer Fees						$0.00	
	Hud Agency/Legal Aid Capacity Funding						$0.00	
Line 65	Application Assistance						$0.00	
Line 66	HAF Education						$0.00	
Line 67	HAF Counseling						$0.00	
Line 68	Legal services/ legal aid	$0.00					$0.00	
Line 69	**Subtotal**	**$0.00**	**$0.00**		**$0.00**		**$0.00**	
	Grand Total	**$0.00**	**$0.00**	**$0.00**	**$0.00**	#####	**$0.00**	Amount of reduction in Admin Budget
	Counseling / legal aid services (5% of allocation)							
	% of Total Award	**20.00%**		0%				
	Award Amount							
						RED % =	Red % indicates reduction in line item budget	

Program Goals

- Targeting vulnerable populations- minority households, households at or below 100% AMI, Households living in counties where poverty level is above 20% and other populations that are identified as socially disadvantaged.

  Measurements-number of applicants served and percentage of applicants served in targeted populations. Number of outreach events in targeted communities. Number of advertising and media opportunities serving targeted populations.

- Reducing mortgage delinquency, reinstating mortgage loans, avoiding foreclosures- Number of households with reinstated mortgages/ number of applicants.

  Measurement- Number or percentage of households that remain current for the next consecutive 12 month after reinstatement. Percentage of targeted population households reinstated > 60%

- Principal reductions of amortizing secondary financing mortgages for households below 60% AMI- reducing mortgage/housing debt burden of households with limited income.

  Measurements- Number of amortizing secondary liens reduced or released that were originated / funded by non-profit housing agencies. Household housing debt ratios reduced by 10% or more.

Readiness

The Tennessee Housing Development Agency (THDA) is a State agency that was established by the Tennessee General Assembly in 1973 (TCA 13-23-120). THDA is committed to the belief that housing is a basic human need that has profound impacts, both social and economic, on individuals and communities. Safe, sound, affordable housing is essential to a healthy household, educational achievement, successful employment, and the stability and safety of the neighborhood. THDA has a broad portfolio of housing assistance programs and continues to vigorously develop a network of industry and municipal partners for their delivery.

In an effort to collaborate on a uniform program, per Treasury's guidance, THDA is working through its network of HFAs in the southeast region to work on common goals to administer the program. In addition staff has participated in working groups with NCSHA staff and leaders of the larger national servicers over the past several months to enhance the CDF to include needed data fields pertaining to the HAF program. As a prior HHF state, staff has also contributed to conversations with non- HHF states to share best practices, challenges and prior HHF documents for review.

THDA also intends to work with our network of HUD approved housing counselors to provide borrower application assistance, education and financial crisis counseling. THDA has more than 25 years invested in its deep working relationship with its network of non-profit housing agencies (HUD). THDA utilized their services during the HHF program which severed over 7500 in its unemployment program, Keep My TN Home and it is because of this relationship that THDA immediately engaged this group to discuss the challenges observed in the current pandemic crisis. Their business activities reach those populations that need the assistance but are least likely to apply. This includes, but is not limited to, Latinos, immigrants, minorities, urban homeowners, seniors, rural residents, and lower-income households which are the HAF targeted populations. These populations are more comfortable working with counselors/providers that are imbedded in their communities. Their mission aligns well with THDA's and they work in a holistic approach, knowing that funding alone will not solve the issue but education and housing counseling are required to create the successful stabilization of homeownership going forward.

THDA staff is well prepared and experienced in creating programs based on instructions from funders and adhering to compliance requirements while also maintain accuracy in reporting. Not only did THDA successfully administer the HHF funds in Tennessee but THDA continues to administer other federal, statewide or local programs that assist Tennesseans recover, rebuild or shore up non-profit activities.

THDA has contracted with vendors and worked for the past several months to secure a software provider, a call center team and processing/underwriting providers for the HAF program. Staff have completed a program guide which has been provided to the processing and underwriting vendor. THDA has also hired internal staff as well as converting several staff that had worked on the HHF program for its last 5 years. Policies and procedures are being created by staff. These procedures will include compliance process in order to review vendor work, homeowner eligibility and payment processing.

THDA is fortunate to have had the experience of administering the Hardest Hit Funds as a response to the mortgage crisis a decade ago. The Hardest Hit Fund was also provided through the U.S. Department of Treasury. THDA staff will take the lessons learned from the administration of the Hardest Hit Funds as it works through the process of developing a program, creating the internal processes, while building a strong network of external partners and vendors to assist with the program roll out.