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## **NEWS RELEASE**

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### **Arizona Department of Housing launches new foreclosure assistance program, Save My Home AZ**

PHOENIX — The Arizona Department of Housing has announced that it has launched the new Save My Home AZ program, designed to assist homeowners facing foreclosure. The primary component of the program is a principle reduction that will bring the current mortgage payments down to match the current value of the home.

President Obama announced on February 19<sup>th</sup> that the U.S. Department of Treasury would be financing \$1.5 billion in foreclosure mitigation to those states hardest hit by the housing crisis, with Arizona receiving \$125.1 million of those funds.

One of Arizona's earliest concerns about the award was the sheer number of Arizonans facing foreclosure and the realization that the Treasury award, while a significant amount of money, could do little to stabilize a problem of overwhelming magnitude. "With a foreclosure rate that is currently second in the nation, it was pretty clear from the beginning that the \$125.1 million allocation coming to Arizona could not be impactful with respect to the sheer number of households needing assistance. At best, these funds will assist just over 4,000 households or around 11,000 individuals to remain in their homes," commented ADOH Director Michael Traylor.

The program addresses the major issues which have been contributing to the current level of foreclosures: loss of income coupled with a home mortgage principle balance that is not supported by the current market value of the home. The program was designed with several possible types of assistance: a permanent modification component which allows up to \$50,000 in mortgage reduction paid through the program, if matched dollar for dollar by the lender; a second mortgage settlement, available in concert with a permanent modification, to eliminate purchase money seconds; and a temporary assistance program, for underemployed households requiring temporary mortgage assistance for a period of time while they seek more gainful employment.

The State's Save My Home AZ program is available to households who are experiencing problems with paying their mortgages due to extenuating circumstances:

- There must have been some household reduction in income since financing a home either through loss of income, underemployment, illness, death, or divorce.
- Household income should at least support the cost of a mortgage for the current value of the home and the current debt on the home must be at least 120 percent above the market value of the home in order to participate in the principle reduction program.
- Underemployed households may also be eligible to receive temporary mortgage assistance for up to 24 months while they seek more gainful employment.

The federal government has agreements with most major servicers offering HAMP (Home Affordable Modification Program) modifications. According to treasury guidelines for the state's program, a homeowner must be HAMP denied or ineligible in order to apply for the state's program.

Households with no income, due to unemployment or other issues, cannot be assisted through this program. Due to the limited funds available, this program seeks to assist households that demonstrate the most likely chance of long-term success in remaining in their home.

Application to the program is made on-line. A link to the application is available through the agency's website at [www.azhousing.gov](http://www.azhousing.gov). The application contains filters that will not allow clearly ineligible applicants to complete the application process. Homeowners without internet access may call a toll-free number (1-877-448-1211) to be linked with a participating counseling agency that may assist with the application process.

It is important to note that while a homeowner may qualify based on the Department's criteria, it ultimately comes down to the homeowner's lender and whether or not they are willing to work with the program.

After the first day, over 100 individuals were eligible following the completion of the self assessment with over 30 percent of those people completing the follow up application.

Homeowners who are not able to progress through the program's eligibility filters will be referred to free mortgage foreclosure counseling, available through the agency's toll-free hotline at 1-877-448-1211.

For additional information on the Save My Home AZ program or the Arizona Department of Housing, please visit [www.azhousing.gov](http://www.azhousing.gov) or call (602) 771-1000, TTY (602)-771-1001.

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