

**DEPARTMENT OF HOUSING AND COMMUNITY DEVELOPMENT
DIVISION of FINANCIAL ASSISTANCE**

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**CDBG****MANAGEMENT MEMORANDUM****Community Development Block Grant Program****Memorandum Number 07- 11****Date:** September 27, 2007**TO:** Eligible CDBG Jurisdictions**From:** Chris Westlake
Deputy Director, Division of Financial Assistance**SUBJECT: USE OF CDBG FUNDS FOR PTA CREDIT COUNSELING**

The issue of sub prime loans to homeowners and the possibility of foreclosures is an important statewide issue. The Community Development Block Grant (CDBG) program can address some elements of these.

One way to address the possibility of homeowners defaulting on their loans is to set up a credit counseling program to address homeownership issues. Under the Planning and Technical Assistance (PTA) allocation, a jurisdiction can apply for up to \$35,000 to develop a credit counseling program for those homeowners who have or who are about to fail to make their mortgage payments. Under the proper circumstances, once the program is developed, the program can be implemented. The counseling program could be funded with any unspent PTA funds that developed the program, program income or with funds from a future General CDBG allocation.

The Department of Housing and Community Development (Department) released the PTA Notice of Funding Availability on July 24, 2007 for \$1.16 million. PTA applications can now be submitted to the Department. The applications are accepted on an Over the Counter basis.

The Department will work with each jurisdiction to ensure that public notices are streamlined; that the activity is structured so it is eligible and that there is the appropriate benefit to low-income persons.

The Department encourages any interested party to contact the CDBG program at (916) 552-9398 to discuss submitting an application.