



Final Transcript

HUD-US DEPT OF HOUSING & URBAN DEVELOPMENT: Awareness and Visibility Campaign-Stakeholders Meeting

March 16, 2016/10:00 a.m. EST

SPEAKERS

Virginia Holman
Judy Ayers Britton
Lauren Banks
Jackie Moore

PRESENTATION

Moderator Ladies and gentlemen, thank you for standing by and welcome to the Awareness and Visibility Campaign and Stakeholders Meeting. At this time, all participants are in listen-only mode. Later, we'll be going fully interactive so please keep background noise to a minimum and use your mute button if available. (Operator instructions.) As a reminder, today's call is being recorded.

Now, I'd like to turn the conference over to your host, Virginia Holman. Please go ahead.

Virginia Thank you, Shaun, and welcome, everyone to today's stakeholders meeting on the Awareness and Visibility Campaign. Before I turn it over to our presenters, however, I would like to go through some logistics for the webinar.

As Shaun indicated, the audio is being recorded and we will be providing a playback number along with the PowerPoint presentation and a transcript. They'll be posted on the HUD exchange probably in three or four days. We generally send out a list of when that information's available.

Because of the format of this stakeholders meeting, the lines will not be muted, as Shaun said. It's going to become fully interactive. We did send out the handout this morning, but you can also download it from your control panel under handouts. Just download it to your desktop.

We are going to have polling questions so please be sure to respond to them because the information gathered is going to be very valuable to the people working on this project. Rather than having specific Q&As, we're going to have open discussion and the operator will give you any special instructions on how to do that.

There are also some other ways for you to ask questions because your feedback is very important to this project. On the control panel on the right-hand side of your screen, there is a box that says questions, and if you just enter your question there and send it, we have got people that are monitoring those questions. If you have questions and comments later on, you can send them to housing.counseling@hud.gov and put Awareness and Visibility Campaign in the subject line.

As Shaun mentioned, since he's going to make the lines fully interactive, please mute your phones during all of these discussions. Most of your phones will have a mute function, if not, star six will also mute and unmute your phone.

There's going to be a brief survey at the end, so please take it. Again, we use those comments to better improve our presentations. Within 24 to 36 hours, you will be getting an e-mail from GoToWebinar. It's going to be a thank you for attending e-mail, and it's also going to tell you that this is your certificate of training. So, print it out and keep it for your records.

At this point, I'd like to turn the presentation over to Judy Ayers Britton. Judy.

Judy

Thank you, Ginger. Good morning, everybody, and sorry for you, West Coast folks. We had to do this a little early this time, but we appreciate

you joining us, and we're going to talk a little bit about the Awareness and Visibility Campaign.

This is a focus group for that campaign and I want to just give you a little bit of background on what we've been doing before we get started in the focus group. The Office of Housing Counseling has contracted with Creative Marketing Resources who will be managing this focus group today. We wanted to gain knowledge on the perception of housing counseling as it pertains to stakeholders and to the industry in general, in hopes to make a change in any negative perception and create more awareness of the value of housing counseling among our stakeholders, specifically and especially the consumers.

So, we're holding focus group meetings across the country via webinar with all of our stakeholders to find out what their perception of housing counseling is and how we can increase the value or change perception in order to increase awareness and visibility of housing counseling going forward.

So far we've held several meetings over the last couple of months, and we'll continue through April finishing with the consumers in April. You'll hear more about this later on once we finalize what we've been working on.

With that said, you are very important stakeholders to us in this process and we want to get your feedback on some questions. We believe that it'll help in the discovery phase of the project that we're doing.

So, our agenda for today is I'm going to introduce the Creative Marketing Resources team. We have a team of folks who are working on this project. The meeting purpose is just to discuss what I just stated. And, the Awareness and Visibility Campaign is, hopefully, going to be a very positive influence on housing counseling going forward. We'll have some discussions, and then we'll talk about next steps.

For now, I'm going to turn it over to Lauren Banks and Jackie Moore, who will talk to you a little bit more about the focus group. Thank you.

Lauren

Great. Thank you, Judy this is Lauren Banks. Good morning, everybody. Thank you so much for taking the time to join us today. We are really excited to have some lively discussion with you all, and so we hope that you will please be candid in your feedback because your insights are really

going to be very helpful and invaluable to us as we develop Awareness and Visibility Campaign for HUD Housing Counseling.

Just to kind of get us started this morning, we are going to begin our discussion talking about first-time home buying. And, that's going to be first-time home buying from the consumer perspective, meeting those first-time homebuyers, renters that you're working with. And then also, how you educate those consumers from your perspective.

Next slide please. We're going to begin with a polling question just so that we can have an understanding of who exactly is going to be—who is actually joining us on the call today. So, if you can please answer this question on your screen. "What housing counseling services does your agency provide?" You can see we've got a number of different options. You can check in one. So, mortgage delinquency, pre-purchase, pre-purchase home buying education workshops, rental housing, and then reverse mortgage. So if you could answer that it would be great.

We see the results are coming in. Okay, thank you. So, it looks like we have a good number doing pre-purchase, pre-purchase home buying education workshop. Excellent. Mortgage delinquency, and first mortgage. Okay, great, thank you. Well, this will really just help us to understand what services you provide in terms of the way that you answered the question, so thank you for that.

Okay. Well, let's get started with our discussion here. In terms of first-time home buying, what is most important to consumers when they are considering first-time home buying? What do you think is most important to them? Are they more concerned with credit, cost, location of their home? What is the largest concern, do you think?

Judy Shaun, the lines are open, correct?

Moderator One moment please. And now, all lines are fully interactive.

Judy Great. Thank you, Shaun.

Keep in mind when you're answering any of these questions, that everything here is anonymous and it's really just your input that we want to hear. If you're not speaking, if you can put your phone on mute that would be great so we can eliminate some of the background noises.

W [Indiscernible] I'll give you some—go ahead.

Vilene I'm sorry. I'm calling from Neighborhood Housing Services of Jamaica. Yes, this is Vilene [ph]. Yes, just what you mentioned. I think credit is very important. A lot of time is spent on preparing the prospective homebuyer to get to that point where they would be able to afford purchasing property without basically spending too much money in regards to interest rates on the loan. So, I think that's a big issue.

Lauren Okay.

Judy Thank you.

Vilene You're welcome.

Lauren Anybody else? What do you think is most important to consumers when you're buying your first home?

W Anyone experience down payment assistance or any of those areas that might be important to consumers when they seek counseling?

Maureen This is Maureen Robinson from Baltimore. Can you hear me?

Lauren Yes.

Maureen Okay. Yes, they are interested in—the first thing usually is down payment closing costs.

Lauren Okay. Is there anything that these first-time homebuyers are not considering that they should be? So, when you're having these conversations with them is there ever a point where there is that ah-ha moment where they're like oh, I hadn't thought about that?

Meredith It's Meredith.

Lauren Hi.

Meredith Hi. It's Meredith McAllister with Home Partnership in Harford County, Maryland. One of the things that I find that homeowners are not considering is that many homeowners, many first-time buyers max out their qualifying. And, in our area, there's a lot of problem with homeowners not considering that they have student loans that will

eventually come due for payment. So we have a lot of professionals that are pursuing higher-level degrees, they have several tens of thousands of dollars of student loan debt in deferment. So, they buy their house and those loans come out of deferment, and even sometimes with payment plans, they're in a hardship situation.

Lauren Okay. Good feedback. Anybody else?

Vilene This is Vilene again. One of the other issues is trying to prepare first-time homebuyers to be landlords. If they're purchasing, let's say, an income-producing property they're not aware of what it's—most of the time not aware of the preparation in or the consideration of having enough saved just in case the rent is not paid, or the mortgage isn't paid—or the rent isn't paid to them, let's put it that way, so that they can continue to pay their mortgage. Some of that, I think, is a part of preparing them to become homeowners. That's pretty much it.

Lauren Okay.

W Are they looking, also, and others can chime in, are they taking into consideration the process that it takes, you know it's not overnight? I do that sometimes millennials and others seek immediate gratification. Are they concerned at all about the length of time sometimes it takes to obtain a property?

Is that a concern or is that not something that they're concerned about?

Karen This is Karen, with NHS Chicago. I think that is a concern in terms of their readiness to buy. They may have a different timeline in mind and, oftentimes, may not understand the benefits of waiting if they can improve their credit score and how that would positively impact their interest rate in the overall cost of the loan. So, I think sometimes they may be on a timeline that if that timeline was extended they may be able to qualify for a better loan [audio disruption].

Lauren Is there anything unique about renters becoming first-time homebuyers that really impacts this process?

M Yes.

Lauren I know we've heard a little bit about that. Okay, great.

- M I think there is, and one of the challenges with renters is to first get them to understand the fundamentals. Typically, what I do is teach a two-hour class that is basically an introduction, and in that introduction class we cover beginning with debt-to-income, housing costs, grounding them currently in their rent payment as housing costs, and then looking at monthly cash flow and having that discussion from there.
- Lauren Okay, great.
- M So, the understanding that lifestyle decision of buying a home encompasses maintenance and some of the opportunities they do not have if they are renters. And so that grounding also can get you into discussions of timing because as they approach their debt-to-income, the natural thing is to talk about net worth.
- Lauren Right. Great. That makes sense? Anybody else run into any unique challenges or opportunities working with first-time homebuyers, or rather renters?
- Peter This is Peter, with NeighborWorks Orange County in southern California. One of the things that we've noticed when we're talking to potential homebuyers is when we're talking to them about the FHA loans, how it requires 3.5%, a lot of people understand that, but then they're kind of blown away when they realize that, especially nonmarket sellers are not necessarily willing to pay for closing costs. So having them have additional funds for closing costs, for the reserves, and then also paying the up-front mortgage insurance. And I think also another big shock that's [indiscernible] for them is that FHA [audio disruption] mortgage insurance [audio disruption] has to be once you hit that 78% [audio disruption] market value.
- Laruen I'm sorry, can you just repeat that? We were getting a lot of feedback on your line.
- Peter Did you want me to repeat it, you said?
- Lauren Could you? I'm sorry. There's a lot of feedback.
- Peter One of the things that we noticed is an issue in southern California is that people don't always understand that especially in our market, sellers are not willing to pay for closing costs. So, on top of their 3.5% required they have to come up with the closing costs and those are the upfront mortgage

premiums that need to be paid. So that is a big shock for people. And then the fact that the mortgage insurance premium is for the life of the loan instead of before when it was once they hit 78% [indiscernible], the PMA could be removed without having to do a refinance.

Lauren

Got it. Okay. Thank you. We can move on to the next slide, I think.

Still talking about first-time home buying, what do you think are the most important benefits that you, as the housing counselor, housing counseling agency, provide to first-time homebuyers?

Katrina

Hi. This is Katrina Maddox from the Center for Financial Health in Lansing, Michigan. I would say one of the things that the housing counseling agency provides is information for the homebuyer, the new homebuyer, the process in which they have to go through; how to get through and how to get over certain hurdles, in essence, in trying to get to become a homebuyer.

Those are some of the things that we offer as a housing counseling agency, getting that homebuyer prepared to buy a house, whether it's credit, whether it's looking at things that they've never considered. We talk about insurance, we talk about taxes, we talk about a lot of things as a homebuyer that a homebuyer needs to know. Whereas, initially, as a renter, they don't need to have all this information, they don't need to know, and they don't need to put funds away in order to take care of these necessities as homebuyer.

Lauren

Thank you. What concerns you the most when you're counseling first-time homebuyers? I'm hearing really, really great feedback in terms of costs that renters often don't consider, types of insurances that they didn't realize they needed to have, closings. What really concerns you the most if you had to narrow it down to a few things? What really concerns you the most when you're counseling first-time buyers?

W

We just provide for you a little bit of feedback that we've gotten from other sources is that there could be concerns around mixed messages. They're getting a message from the real estate person, usually, that this is not important, or I'll take care of that for you, or whatever. Are those at all concerning to you as you attempt to be the objective messenger in terms of many of them have an interest, a particular financial interest in this, whereas, usually Housing Counseling agencies do not?

Lisa Hello?

Lauren Yes.

Lisa Hi. This is Lisa Scott from the Coalition for Home Ownership Preservation in Prince George's, Maryland. One of the things that I have found is that a lot of the first-time buyers will not come to a class unless they're doing it for some type of down payment assistance program. A lot of times they don't do that until they're well into the process, and sometimes even right before they're going to closing just so they can get the certificate that allows them to get that funding.

It would be great if people were encouraged and even knowledgeable that they should do the counseling before they start the process, or at least at the very beginning of the process. Because, a lot of times their comments are I wish we had known this, I wish someone had told me this, I wish I knew about this before I got into my contract, before I did this, before I did that. And they have a lot of questions about things that have gone on in the course of their transaction that they wonder was this right, was this proper, should this have been this way, should this have been different. So, it would be really great if more people were more aware that pre-purchase counseling was available and that they should do that before they start even looking for a house.

The other thing that I would say is that—I think that that was the main thing; the other thing left my mind. But, if we can try and get people into counseling earlier. A lot of times they don't want to spend all day on Saturday, it's just not something people want to do. But, once they do it, nine times out of ten, they're very glad that they did. Awareness is the key word, I would say.

Lauren Okay. Great. That's excellent feedback.

Maureen This is Maureen from the Development Corporation of Baltimore. I agree. A lot of times, the prospective homeowner has gone—the first step they do is go find a real estate agent. And then, sometimes when they find out about down payment, closing costs assistance they are then kicked back and they have to come to a workshop and counseling just to get that. But the lender has already—they have gotten the preapprovals, they have already located your property with a real estate agent. To me that just defeats the whole purpose of housing counseling when they do that. So perhaps, something else could be done, I don't know what, to have the

lenders say well, have you taken the workshop on counseling because they're going to need that for any down payment, closing costs assistance.

W Anyone else?

Maureen And the agent.

Lisa Yes. I agree with that. This is Lisa again. It could to be more in the general public knowledge that the first step should be housing counseling. Just make that investment of time so that you are prepared as well as possible for this process. Because a lot of times they say well, what should I do first? Should I go find a loan officer first, or a mortgage first, or should I get a realtor first? And then the question really is you should do housing counseling first, or at least simultaneously.

I think that it would be wonderful to just have that be in everyone's mind that wants to buy a house, the first thing I need to do is housing counseling, the first thing I need to do is housing counseling. Particularly the more affluent the person is, the less they are interested in any type of counseling or any type of class. That's what I would say.

Maureen This is Maureen again. I agree. I have had agents that said they prepare the homebuyer, and I don't think that's proper because they still have to come back to the counselor to get to the certificate. I know that they're interested in their welfare; they're trying to make a dollar as well. But, a lot of times that's not fair to the prospective homebuyer.

Bruce This is Bruce Dorpalen, from the National Housing Resource Center. I think that really does hit the nail on the head that if the messaging can be around see a housing counselor before you go to a real estate agent, before you go to a lender, before you sign an agreement, before you sign a loan agreement. That concept is where we need to get to, that why you go to a counselor, and when you go to a counselor, and what the benefits are. That would be the huge communication.

Maureen That's it.

Bruce I would also add that I know this part of the segment is focused on first-time homebuyer, I think, really, thinking about what the right messaging is, for example, people make a lot of these financial decisions and it's not there first-time home buying. They're buying up or they're refinancing. In predatory lending most of those loans were actually refinances. It's

important that we figure out how to message it so that people think about when they're making major housing financial decisions, they go to see a housing counselor, they go to see a HUD-approved housing counseling agency, they go to see a HUD- certified housing counselor. That those kind of big messages get out.

Maureen

Bruce, this is Maureen again. I do agree with you, but I thought that was the message. I mean, that's what HUD pushes. That's what, from what I've been seeing, what HUD promotes. But, when a person doesn't know and they take the advice of a friend, family member, or whoever, whatever and they just think in their mind, oh, I want to buy a house. I'm going to go find me a real estate agent. And then what's happening is the agent is just going ahead and taking over without really finding that—well, a lot of agents have been pulling credit, which I don't think is proper.

But, they're doing things with this first-time person that I feel they shouldn't be doing. I think it's a little deeper, maybe the message also has to go out to lenders and real estate agents to get a person, send them to counseling first, and then, of course, the counseling agency is going to send them back to that person if they choose to go back to that person.

Lisa

I agree with that. This is Lisa again. If we think about messaging and placement of messaging, and where are people going first, you've got them going to realtors and lenders, but you've also got them going to the online real estate sites, your Zillows, your Trulias, your homes.coms, all of those sites. So, that would seem to be an ideal place for messaging about housing counseling to get that in front of them as they're starting to think about buying a house, and starting to look at houses online, and figuring out.

So, if that message can be in front of them in all of the places that they go when they start thinking about buying a house, then I think that would be helpful. And also, to get the buy-in of realtors and lenders when someone comes to them, send them to housing counseling first. If they're planning on using any type of down payment assistance, they've got to do it anyway. But, even if they're not, it's beneficial for everybody.

I think the placement of the messaging online would be really helpful and just getting that information out to lenders and realtors to have them, anybody who is a first-time buyer or sometimes if they're not, to get the housing counseling before they start the process.

Lauren Great. Thank you. Now we're going to switch—sorry, go ahead.

M I was just going to say, a lot of what we just heard from the various contributors tie back to why in the introduction class that I alluded to before, I recognize that 15% to 20% of the participants are within a 90-day pipeline for a lender, another 20% to 30% are six months or less out, and then, there are some people that are coming in for the first time.

So by grounding everyone in the discussion of basic financial literacy, especially looking at their net worth and then working their way out from their current rent-to-cash flow allows us to enter into a dialogue that even leads to a one-on-one counseling session, or potentially an IDA concept where they're doing long-term savings and development. But, it allows the client to begin to look at the potential to slow down and get prepared.

We also have people come into that same class that it may be back-to-work clients that are coming in after foreclosure. So it gives us a chance to do scale, but it also gets the client to being engaged in a group session with more than one type of client in there. I think that's something we need to look at from a counseling perspective, broadening out how we look at each client and allowing them—and this is the messaging that needs to happen.

We need to be messaging to our professional referrals that come in, that it's okay to send them no matter where they're at in the cycle and we will help that client to better understand where they best fit as they begin the process. Just thought I'd throw that out there.

Lauren Excellent. Thank you. What makes your particular agency, your particular housing counseling agency well equipped to help first-time homebuyers? What do you think that you can really provide to them? There was some discussion about the fact that these consumers are getting information from other sources. So, what do you think you can provide to them that makes you just particularly well suited to really counsel them?

Maureen This is Maureen again.

Lauren Hello, Maureen, again. Thank you for chiming in.

Maureen I believe that without excellent training that we, as counselors, have had in our years of service and doing it, I believe we are well equipped to take the prospective homebuyer properly through all of the steps of the

homebuyer process. And in doing so, we are also equipped to help them with any issues and problems that they may have.

At least in our agency, we do an assessment first, and then, we explain to the potential client what we see. And then, if they agree to go through that to help clean things up or answer questions, or whatever it is. It's kind of like we hold their hands through the process to make sure that they are able to successfully buy a house and get the best interest rates, the best products and programs out there, whatever is out there so that they will be successful. And, once they get the home, they will know how to help keep the home, maintain the home, things they have to do.

Lauren Right. Yes, that makes sense.

Maureen And then, if they have any problems afterwards, they know that they can come back to a trusted advisor with any problems that they may have once they get the home.

Katrina This is Katrina from the center, once again in Lansing. I'm going to say, as far as our agency is concerned, we have experienced mortgage counselors that have been in the mortgage industry for well over 20, 30 years and have worked with first-time homebuyers from the originator's perspective. So with that being said, coming over to the counseling side we know exactly what it is they need, we're able to steer them and guide them through the first time homebuyer process and that helps substantially, in addition to the extra training or the additional training that we received as counselors, and keeping everything updated so that we're on top of how things change and when they change.

Lauren Excellent. Thank you. Let's talk a little bit about consequences here. What are some of the consequences for these first-time homebuyers that you've seen them experience when they don't receive housing counseling? They either get information from alternative sources or they're listening to family members, or friends. What are some of those consequences that you often see them have to face?

Louise Hello. Can you hear me?

Lauren Yes.

Louise Hi. This is Louise Mack, from Prosperity in North Carolina. One of things that we see when they go with—if they don't get counseling, they may actually get higher interest rates. Hello?

Lauren We're here.

Louise Okay. They may get higher interest rates. They don't know about the down payment assistance money so they're not getting assistance of being able to have that additional funds, and they're utilizing all of their reserves just to be able to get into the house. They are hearing that they need 720 credit scores when there are many more mortgage products out there that have lesser credit scores, but still good mortgage and good interest rates.

Lauren Excellent. Thank you. Anybody else see any other consequences? That was very comprehensive, your response. You may have captured them all. Okay.

W Let me just ask is there any, as we see people move toward default and foreclosure, is it that one of these might be that they know where to turn, and particularly those who have done counseling, that they know where they can go should they get in trouble? Maybe I need to rephrase that but, yes, go ahead.

Maria Hello? Can you hear me?

Lauren Yes. We can hear you. Go ahead.

Maria This is Maria Santiago from Consumer Education Services. One of the things is that when they go into the workshops, the homeownership workshops, one of the things that they are taught or that they learn in these workshops is that when there is trouble once they become a homeowner, is that they have a place to go. They have agencies, such as ours, HUD approved agencies that they could provide assistance once they are facing foreclosure because circumstances occur. They could lose a job, and it has happened to many of my clients, that that's not the end of the tunnel, that there are places that they can still get assistance and keep their homes.

One thing they learned in the workshop is that they will prevent foreclosure, they will not do like other people that are not aware that we assist and they face foreclosure because they are not aware that there are systems out there to assist them.

Lauren

Okay.

Patricia

Hello. My name is Patricia Kerr with Neighborhood Housing Services of Jamaica in Jamaica Queens. I agree with what was said before and I think that we really need to be better salespeople. We are doing a great [audio disruption] in the industry, but we are not good at conveying the message as to how we work and what we can offer the consumer.

Like was said before, they usually come to us because of the financial piece but they don't see us as an end-all service provider that's there to help them throughout the whole process. So, I think we need to be doing a better job of communicating on an ongoing basis about our services.

What we experience time and time again is that customers have come to us to help them with the home buying process, but then when they get in trouble they don't remember that they need to come back to us. They don't see us as that entity, as that individual, that really is there to help them through this whole homeownership process.

So, getting the information out, become better communicators, and get training in the area that we are salespeople, whether we believe it or not because we are selling the service, we're selling our products, we're selling our agency, we're doing all of that. And we're doing a great job with helping the customers, but we're not as good as the other entities on the outside who are always marketing. So, we need to market ourselves much better as an industry of providers.

Lauren

Okay. Good feedback. So, what barriers, hurdles, or frustrations do you or your counselors, if you're not actually doing the counseling, experience when you're working with these first-time homebuyers?

W

I think we talked earlier about it's kind of the afterthought, that they come after they've signed on the dotted line on a number of things, or whatever. That may apply here, also, in terms of some of those frustrations that might come into play that you wish that you could have helped them differently. Does that have any bearing?

Maria

Yes. This is Maria Santiago, again, from North Carolina. One of the frustrations is that like it was said before, they come after the fact, after they have contacted their realtor and their lender. It's frustrating not to be able to offer them the programs available because they are rushing and they already have focused on just purchasing. It's frustrating when they

are not taking advantage of what is available to them because they come after the fact.

Lauren Okay. That's helpful. Thank you. How is it that these first-time homebuyers come in contact with your agency? How do they find you?

W [Indiscernible] contact. Working with realtors, they have new clients that are coming in and so they're sending them to our agency for homebuyers' ed, or their friends that have been to the classes before, friends and family.

Meredith Hi. This is Meredith from Maryland. Many of my clients are referred to us after they are under contract and in application with their lender to meet requirements from down payment programs. Our state does do a great job of also marketing their assistance programs, so a lot of those clients find their way to the state website for the down payment and closing costs assistance. So that's a big drive for us.

Maureen Maureen from Baltimore. Sometimes they see us on our website. A lot of times it's other types of—Baltimore city does a great job of putting all the down payment, closing costs assistance on their website, and they list the counseling agencies on their website.

Lauren Okay. Gotcha. Sorry, was somebody trying to share some feedback? No? Okay.

We talked about this a little bit earlier, but specifically, who do you see as your competitors? And when I say competitors, I mean where are these consumers seeking information instead of coming to you? We kind of talked about this a little bit anecdotally, but let's be specific in terms of listing out who these consumers are getting their information from if they're not coming to you.

M I would say they're getting it directly from the realtors.

Lauren Okay. That means that they are already in a home buying process then, before they come to you if they already have a realtor.

M Yes. And I would say that's probably equal to lenders also where we deal with they've already been pretty much sold on a certain loan or fallen in love with a certain house before they come our way. One of the activities that I do in the homeownership class first, is to have them go through what they think is the process and that puzzle piece activity that

NeighborWorks has. And you can always tell the ones that, you know, they always put the order that they're doing it, and I would say 80% of that reveals that they've already talked to a lender or they've already talked to realtor before they've come to my class.

So, they are feeling that they already know a lot of this stuff and already maybe have some biases or tendencies toward what their lenders or realtors have convinced them.

Anthony

I've seen that, too. This is Anthony Mitchell with the Impact Group here in Atlanta, Georgia. I'm seeing that, also. I've been seeing it for quite a while. I teach the homebuyer classes, as well as with staff. We use the original Realizing the American Dream charts. We have those on the wall and people get a chance to put a sticky note by the regions, and their preparations, and some of the other.

It's interesting to see the number of people that come in thinking or have been told by a realtor or, in some cases a loan officer, that they need down payment and they're seeking that certificate, but not understanding what's underneath the need for the down payment. It's a good thing in one regard because I can use that need to refocus them on why the need is there. For example, if they need more money as it relates to preparation, we can have that discussion.

And at the end of the introduction class they can then begin to look at do they need to save more, do they need to do credit repair, do they need to build a budget, and we can start directing them towards our financial literacy classes.

There is an opportunity for both the professionals to be better and knowledgeable about where the world of counseling is, but I think there is a need to somehow have counseling part of some advertisement or ongoing discussions. I'm not sure how to frame that.

Vilene

This is Vilene from Neighbor Counseling Services of Jamaica, again. Hello?

Lauren

Yes.

Vilene

Yes. Hi. I'd like to also say that I would definitely say that the board of realtors should definitely be on board with this outreach of trying to get folks in to see housing counselors for their education. We have received

referrals from realtors and I would just say, we just have not had enough of that. That's going to be, that's just from my experience at the first, that when folks want to buy a house they're going to go to a realtor or they're going to seek out a real estate office. So, I think the industry should take a closer look at that as well, and the lenders as well. That's it.

Lauren Thank you. Just so you know, we are also having focus groups in stakeholder meetings with the lenders and the real estate professionals, too. So, that's good feedback. Thank you.

Vilene That's great.

Lauren Yes. Okay. I think we can move on to our next set of slides. Now, we are going to shift gears a little bit and talk about awareness and perceptions of HUD Housing Counseling.

From in [indiscernible] when I mention HUD Housing counseling—or mentioned housing counseling, I was really just referring to HUD Housing Counseling, so that we're all clear. We really want to get your feedback on some of the awareness about HUD Housing Counseling and also what are your [audio disruption]. We will be meeting with some of our consumer groups in April and asking some of these [audio disruption] similar questions of them as well.

So, let's just talk a minute about the phrase housing counseling. We've done quite a bit of research ourselves on just the phrase itself, the term counseling, and all the things that it can connote. What are your thoughts on that? What are your thoughts on just that phrase, housing counseling?

Katrina Hi. This is Katrina from the Lansing, from the Center for Financial Health, and personally, I like housing consultants.

Lauren Okay.

Katrina Better than housing counseling.

Lauren Why?

Katrina Why?

Lauren Yes.

- Katrina Because, when you say counseling, a lot of people look at counseling as somewhat, I'm going to say, somewhat of a negative and it just depends on what type of counseling we're talking about. But then housing consultants sounds a little bit more professional. [Indiscernible].
- Chad This is Chad from Iowa, I agree with that. I also think the counseling sounds a little on the negative side because in other situations when they go to counseling it's not always a positive.
- Marjorie I agree. This is Marjorie, NHS Kansas City. I like housing educators.
- W Yes. I agree with that one.
- Marjorie I agree that counseling makes, you know that something's wrong you must be counseled; it's a negative connotation, I think, that goes along with drug counseling, mental illness. So education is more of a positive. In medicine, as an ideal, there are diabetes educators. So, the word education, I think, has a better sound to it than counseling.
- Maria I totally agree. This is Maria from North Carolina, and counseling is always a very cognitive word and it's like you are telling me what to do and you're supposed to be, I don't know. I never use the word counseling, or try not to do it because we are an education agency. I love the idea that it would be changed to housing education because that's actually what we do. We educate them on options that they have on the table and let them make a decision on what is the best for them after we educate them.
- Amy This is Amy from southern Maryland, and I would agree with everything that's said. I'm glad that you posed this question is counseling implies that you need help with a problem instead of the positive idea of contributing to the economy, and buying a house, and all the excitement that can surround that. I love the idea of both educators or consultants, or some type of term.
- W Would you consider advisors, also?
- Peter This is Peter, with the NeighborWorks, Orange County. We call our staff home ownership advisors just because when you look at the financial industry you have financial advisors advising people on stock options and investment options. In reality, what we're doing is helping the families make a strong financial investment into their wealth field that they're

creating by purchasing the home. We definitely love and prefer the word homeownership advisor compared to consultant.

Lauren Okay, great. That's great feedback. Thank you. Let's discuss some of your impressions of HUD overall, and then HUD Housing Counseling in particular. Again, we will be asking these questions of our consumer groups, also. But, what comes to your mind when you think of HUD and HUD Housing Counseling?

W How do you see HUD stack up against other government agencies? For example, HUD compared to the IRS, or HUD compared to Health and Human Services, or HUD compared to the Department of Education. Where is it ranked in that, about the same?

Barb This is Barb at Affordable Housing Resources in Nashville, Tennessee. There's a lot of people out there that associate HUD strictly with foreclosures. Most of us here at our organization, like one of the other organizations, we all come from a mortgage banking background so we know what HUD is, is people don't. They don't understand all of the different products, and all the different departments that HUD has. We spend some of our time in our homebuyer's education class explaining this. This is what HUD does, and this is FHA, and this is rental, and this is subsidy, and this is this, to give people an idea exactly what—we talk about the secondary market and all that type of thing.

So, a lot of people denote HUD as a semi-negative thing. Oh, I don't need HUD, they do foreclosures, or they do an FHA loan; that's for somebody that can't get a conventional loan.

Chad I would say going along with that, HUD kind of connotes regulation, it would seem. Regulations, as just a consumer, it would seem like prepare for a bunch of paperwork or regulations if I go seek that agency.

Lauren Okay.

W Is that considered even more than the "normal" process? I know when we look at closings, we say here's a stack of 4,000 sheets of paper for you to sign, do they anticipate that HUD lays more on top of that already daunting task?

Chad It would seem like it from just the consumer's point. Like, just something more to get involved with. It sure doesn't connote easiness, really. We

like to say—again, this is Chad in Iowa, we like to tell people, hey, we are HUD certified, but we don't lead with that HUD to necessarily attract people in. After we talk to them, yes, this is all HUD certified, this is all the training that we've had. But, it seems like they're not processing this thing of HUD as a federal agency and it has a scary feeling to a lot of people that are starting out. Like, more complications or more things that they might uncover that will confuse them.

Robert Hello?

W Yes.

Robert Robert Tilley from—oh.

W When we said that we are an approved housing counseling agency by HUD, it gives us a sense of expertise, and backing, and validity.

Lauren Great.

Maureen This is Maureen from Baltimore again. I agree because when they call in they say, is this a HUD agency? Because sometimes they have been referred from the hotline and so they ask that question, is this a HUD agency, so we say yes then that kind of melts the ice. That's what they want, some of them.

Tony I would agree with that. This is Tony Mitchell in Atlanta. Part of the positive from the mortgage meltdown, and HUD's work with us in the foreclosure prevention process is a spillover of the credibility of the HUD agency. So, from that perspective, clients know there's a level of expertise when they come into the environment. I think at times we need some consistency in what to expect, and that consistency needs to be conveyed to all the professionals and others, and I think that's an opportunity. But, definitely, there is a value in the HUD certification.

Robert This is Robert Kelly from Neighborhood Housing Services in Jamaica in Jamaican Queens, New York. HUD also means fair housing and fair lending. Working with people in our communities, many of whom were victims of predatory lending and the disproportionate impact on the communities of color during that time, and the repercussions that we're still living with. And, we also have renters that come in, for instance, with vouchers who are being told by building owners and realtors, well, I'm sorry we don't take vouchers. But, there's a local law that requires them

to do that. So, housing counseling agencies are also resources for the community and educators in the community about fair housing rights.

Maria I totally agree with Robert. This is Maria Santiago from North Carolina, and that is true. At HUD we need to educate our consumers, especially I'm going to talk about the Latino consumers. They don't know who HUD is and that should be part of our education piece because they need to be aware that there is a government entity that do protect their rights as well.

W I agree.

Lauren Awesome feedback. Thank you. I think for this next question we have kind of already answered it in terms of what the strengths and weaknesses are of the term HUD Housing Counseling. I know that we mentioned the value, the perceived value that people place on HUD. They know that it's going to be fair lending, they know that they're going to be quality housing counselors, they're going to get good information that they can trust. What do you think, if anything, is unique about HUD Housing Counseling?

W The certification process.

Marie This is Marie from Neighborhood Housing and Services of Jamaica again. I think it gives an implied protection there. I know when I'm talking to my clients, or someone is a prospective client and we're like okay we're HUD approved housing counseling agency and they're sort of a level of comfort there that they feel they can trust the person who was on the other line, actually, to guide them. That has been my experience and I've been in this field for forever. I have always had that response. And as the other speakers said, continuing to educate people on what HUD is and what HUD is about is important as well as.

Maureen This is Maureen from Baltimore again. When I do the foreclosure prevention counseling, or delinquency counseling, when I call the lender on behalf of the client when they are here in my office I get a totally different response when I say we are a HUD approved housing counseling agency. And, immediately it seems as if they're so willing to help out, whereas the complaints with clients have been they don't get the same type of responses from the lenders when they call. I just think it's respect for HUD even in terms of the lenders when you're trying to get a work out for the—that's been proven as far as I'm concerned.

Lauren Great. That's great feedback. Thank you.

Katrina This is Katrina from Lansing, Michigan. One of the unique things about HUD Housing Counseling is the certification process, the education, the fact that HUD wants their counselors to be well informed, and to know what it is that they're talking about when they are educating a consumer for home purchase. And, I'm speaking in terms of from a reverse mortgage counselor perspective as well.

Lauren Great. Okay, I think we can move on to our next slide, Judy.

Next, we are going to discuss value proposition. In other words, what's in it for me? So, what's in it for you as a housing counselor? What's in it for the consumer? We just have a few questions

In what areas do you think housing counseling does not meet the need of the consumers? I know that that's a pretty bold question but we're asking for honest feedback. What do you think that we could improve on?

W I saw earlier where somebody mentioned that one of their—maybe a \$1,000 credit towards closing costs that would be good for, maybe, two years. Is that something that you think you would want to see implemented or changed? That was written in one of the question areas, that expectation or need of consumers to have a credit towards closing costs that's good for a longer period of time, it sounds like.

Peter I think that would be a good option but at the same time, you would definitely have to increase the income limits because there's a big discrepancy in the need, also, that it's provided to the higher income or the 80 to 120 or even 80 to 160 AMI household. Because sometimes there's not a lot of down payment programs available for them so that would definitely help to entice people to participate.

I know our organization, NeighborWorks Orange County in southern California, participated in the HUD Housing Counseling pilot that was on for about a year-and-a-half, two years where they were trying to entice people to go through housing counseling. I don't know what the overall results were, but I know for our organization, the number of clients that were directed to us were very minimal. We expected a lot more and I think probably from what I heard, the numbers were low.

The hard thing was that there was not enough of an incentive for people to actually come through HUD counseling if they were in the higher income limit because they felt, okay well, I'm going to just go talk to a counselor. I'm not really getting anything but a few bucks to participate in this. And, if we allow higher incentives for them, like you mentioned either a credit or definitely a reduction in their private mortgage insurance, that would definitely, I think, increase or be a benefit to consumers.

Lauren

Sounds great. We talked a little bit about this earlier, but just in terms of the first-time homebuyers, what benefits of HUD Housing Counseling do you think that you, as counselors, deliver to—and I'm going to give these three groups; the first-time homebuyers, the lenders, and the realtors. I know we talked about benefits to first-time homebuyers but, what about to the lenders and the realtors? We talked a little bit about them in conversation just in terms of the consumers going there first rather than coming to a counselor to get some initial education and information. So, where do you see your benefit to them?

Marie

Marie from North Carolina. I think our benefits to the first-time homebuyer is being able to do a prequalification or predetermination of exactly where they stand said so that they will know how much house they can afford to purchase before they actually go to a realtor or lender. We can also let them know what types of down payment assistance may be available to them.

By having that information prior to going to the lender and the realtor, that will help the realtor to know exactly what sales price the buyer needs to be in. It also helps the lender from the standpoint when they get ready to prepare the TRIB [ph] documentation, that they have all that information beforehand, so they don't have to redo those financial documentations after the person then comes back and say now they can get down payment or reduce in the house price because they actually got too much house, even for the down payment.

Maria

This is Maria from North Carolina. One of the benefits that I provide my clients is that I show them how to see the big picture and I look at their goals and I make a sketch of how they could get there with their income and where they need to make little tweaks in their budget. So, we visit the financially [audio disruption] we do a budget, we create a budget so they can see the real numbers before they go into the lender. And, I coach them. To some of them it's a process that takes months, and I tell them

you have to have a realistic goal, and I work on their goal. I'm coaching them, so that's the benefit they have with the homeownership counseling.

Meredith

Hi. This is Meredith from North Carolina. One of the benefits that I try to provide to my lenders is helping them to understand that if everybody operates in their specialty, ours being education and coaching, like everyone has said, then it frees up their time. It creates a continual pipeline for them. They are not really credit counselors and things of that nature, that's not really what their job pays them to do and be an expert at.

So, by referring clients to a housing counseling agency who, for instance, their turn downs or their clients who are more than 90 days from mortgage readiness, they are creating a more consistent pipeline. And, my lenders and realtors who really get that consistently support me in financial and time donations because they know when times are lean, having those clients that you had 12 months ago who are finally mortgage ready, that you kinda forgot about but know that the agency was taking care of, having those clients come back to you is wonderful when times are lean where your direct marketing may not be working or may be slow.

W

That was an excellent point. Thanks.

Lauren

Great. Yes, that was. Anybody else in terms of the benefits that we can provide to the lenders and realtors.

Rob

Rob Tilley, again, from Neighborhood Housing Services of Jamaica. Basically, we do a lot of foreclosure prevention work. And, so, what do we help lenders with, or services? We help prevent foreclosures and short-sales by helping homeowners with the loan modification application process, which can lead to actual modifications, which become performing mortgages again for the lenders. So, we're basically helping them with future profits, besides helping sustain homeownership for people. Maybe they should pay us for that, too.

Lisa

This is Lisa Scott from Prince George's County. As far as the benefits to the realtors, I think that when someone has already been to housing counseling before they start the process they are more realistic about a lot of things. They're more realistic about the process, they have a better understanding of what's going to happen, how long it's going to take, what they should be looking for, and so that takes pressure off of the realtor to provide this miraculous experience.

Because a lot of people, particularly first-time buyers, they do have these pie-in-the-sky expectations, going to buy a house, and it's going to be wonderful and I'm going to be really without her looking, I'm going to put a contract in on the first house, make an offer on it, I'm going to get it, and it's going to be perfect. Well, that's not true.

And so, when people go through counseling they're getting third-party information, they're not getting all the information from the realtor and the lender. And so, if things aren't going well, they start looking sideways at the realtor; you're not doing something right, why is this taking so long, what it is, and this isn't what happened when my friend bought a house, and so on and so forth.

So, they get a more realistic expectation of what could happen, what they should expect, they're better prepared, they have exposure to other homebuyers and their experiences. Because they do talk, this is what happened to me, particularly because half of them have already been in the process for a while and they like to share those things. I think that just overall, the realtor gets a buyer who is more realistic and ready for this process.

Lauren Excellent. That's great feedback. Thank you.

Katrina This is Katrina from Lansing, Michigan, and I agree with everything that was just said. In addition to the fact that when a homebuyer, a potential homebuyer has been through the class, they're more educated, they know what it is that they can afford based upon their income, and they also know what they want.

This in turn shortens that search for a home with the realtor. They know what to look for without having to scurry through so many homes and looking for this, and being disgruntled because a homebuyer is sending them everywhere for such a long period of time. So it's just a matter of they're pretty much focused on what it is they're looking for and what they can afford. This gives that realtor some direction.

Lauren Excellent. Thank you. Okay. We can move on, Judy. I think we can move on to our next set of slides, Judy.

What do you believe is the difference in consumer value between HUD Housing Counseling and then housing counseling in general? Because, we know that HUD housing counselors are not the only ones out there.

There is other housing counseling that does exist, we know that it might be company provided, realtor provided. What do you think is the difference in that value for the consumer?

Louise This is Louise, and I think that—

M The value to me or the difference in value is that HUD Housing Counseling is provided by a party that's not typically being financially compensated in their transaction. And so, it's more unbiased and it can give you a perspective outside of what may benefit a particular party to the transaction, like a loan officer, a realtor, or even a title company.

Lauren Excellent point. What do you think that HUD can do to help improve perceptions of housing counseling?

Peter This is Peter with NeighborWorks Orange County. I think one of the things that HUD can do to help improve the perception is when and if you guys do go down that venture in doing some marketing, whether it's through social media, or the radio, or TV ads, billboards, bus stops, wherever you guys decide to do it, also maybe work closely with a local housing agency or a counseling organization so that, some of the inquiries seem to be more local instead of having just an 800 number. That would definitely help improve the perception to counseling, about housing counseling about something that's local. It's not something where you're calling DC, you're going to get some politician, or just trying to answer general questions that they might not be aware, but by going in the local market they're working or living in.

Lauren That's a great suggestion. Thank you. Anybody else? What can we do to help improve those perceptions?

W Keep in mind, I think this is a really important question especially for us at HUD, and if you think of something later on, please feel free to send it in to housing.counseling@HUD.gov. Right now, off the top of your head, you may not think of something. But, if you do think of something please send it in and we'll give the e-mail address at the end of the presentation, but just make sure if you send an e-mail that you put Awareness and Visibility Campaign in the subject line.

W Something that comes to mind is those commercials, radio commercials when they were during the census to get people to fill out the census forms. There were various commercials on the radio. Did you fill out

your census form? The other person would go no, if they know my address they've already got too much information, and so on and so forth. And then the person would go on to explain all the reasons why they should participate in the census, and what the benefits are of that and how that impacts their community, and so on and so forth.

And so, I was thinking about that in terms of housing counseling as well, something similar might be effective in terms of bringing awareness of the benefits of housing counseling. I was thinking of two people, and one person is saying I'm going to buy a house; I'm really excited about it, etc. And the other person going that's great. Have you been to a housing counselor? Why should I go to a housing counselor? And then, you know, go into the benefits of that and so on, and so forth. Just something that popped into my mind.

Lauren

That's good. Thank you. Let's talk a little bit about certifications and designations. Do you think that additional designations for the housing counselor would change perceptions of housing counseling in the consumer's mind?

M

I would say yes, certainly, since we've been talking about it for the last two years about getting certified. I think the industry, in general, is asking about it. It gives us more validity as far as comparing us to a real estate agent who is licensed, a mortgage loan officer who is also licensed, a financial advisor who is licensed, health professional who is licensed. It would definitely give us extra something that we need, at the same time people wouldn't be so skeptical about paying for some of the services that we charge because they figure we're licensed, we should be on top of our game and are on top of our game.

Lauren

Great feedback. Thank you. Anybody else have a comment on the designations? Okay. Well, I want to be mindful of the time because I know that we are actually over our hour here. So, this is the last question, actually, I promise. We are really wanting to get your feedback in terms of partnering with HUD and to really help us all be more successful in getting the word out to consumers about housing counseling.

So, this is actually a polling question. We're going to ask you to just take a few minutes to respond. As a financial HUD partner, so meaning your housing counseling agency, would you be willing to do any of the following? You can select multiple options. But would you be willing to feature a story in your organization's newsletter application; would you be

willing to promote HUD Housing Counseling on social media outlets and websites; collaborate and feature HUD on any of your special events or seminars; assist HUD with identifying other potential partners or share the success of housing counseling stories with us so that we are able to then promote those to a wider audience?

I'll just wait a few minutes here; I see that not everyone here has had opportunity to vote. Still have some votes coming in. Okay, thank you for your responses. It looks like mostly everyone would be willing to feature a story to promote on social media and the website, and to collaborate with special events. A little over half on assisting with identifying potential partners, and then you'd be willing to share your success. Okay. Great.

Well, I will say this, that this will not be the last that you are hearing of us on that. That's one of the reasons why we wanted to discuss those partnership opportunities so that we could follow-up with you a little bit later on about that.

I think with that, I am going to turn it back over to Judy.

Judy

Thanks, Lauren. Thanks, guys, for participating. Your feedback is greatly appreciated. Does anybody have any questions or any other thoughts you want to throw in there before we leave this call?

Okay, great. So, you'll be hearing more on what's going on with this campaign and, hopefully, you'll start seeing some things come out this summer. If something comes up, you have any thoughts, suggestions, please feel free to send us an e-mail and let me get you that information. You're going to send it to housing.counseling@HUD.gov, and make sure you put in the subject line, Awareness and Visibility Campaign. We're happy to take any questions, suggestions, thoughts you may have.

For those of you who don't know, we have recently migrated over to HUD exchange. We've moved from the HUD.gov site so you might be able to find information on our website a little bit easier. You should go check it out. If you've got any thoughts or questions on that, you're welcome to send us information on that as well.

Again, thank you for your time, and we look forward to hearing you in the future. Thanks, have a good day.

HUD-US DEPT OF HOUSING & URBAN DEVELOPMENT

Host: Kristen Villalvazo

March 16, 2016/10:00 a.m. EST

Page 30

Moderator Ladies and gentlemen, that does conclude our conference for today.
Thank you for your participation and for using AT&T Executive
TeleConference. You may now disconnect.

Judy I'm still on the call if you guys are still on call. No?