

**Office of Housing Counseling**

**Increasing Access to Pre-purchase Housing Counseling Symposium**

**Benefits of Counseling and Homebuyer Education - Day 3**

David Berenbaum: Thank you to everyone for joining us today for the third day of our Pre-Purchase Symposia.

I hope that you have found the content informative, rewarding, and helpful to all of our efforts to expand the reach and impact of pre-purchase counseling and, of course, working with our consumers and neighbors and communities nationwide who are seeking guidance counseling from our HUD certified housing counselors, professionals, as they seek to become homeowners and, of course, create intergenerational wealth in their own families.

Today, we'll be discussing the benefits of housing counseling and homeownership education. This will follow up upon the excellent discussion that we had yesterday regarding the Office of Housing Counseling's recent racial equity survey and listening sessions, as well as really informative information from Freddie Mac regarding fascinating information about the impact of our work together and ways that perhaps we can improve upon the delivery of services so that we can touch more consumers and further document the impact of our work.

Today's HUD's Office of Policy Development and Research will discuss the results of HUD's long-term study of the impact of homeownership education and housing counseling. The study shows that younger people and women benefit from counseling and education and also indicates that there is great opportunity to improve our impact among others.

I expect that today's discussion and sessions will result in a lively discussion about how to make counseling and education even more helpful to our clients, especially qualified consumers and diverse market segments, as well as low- to moderate-income clients.

It's now my pleasure to introduce Stacey Walker. Stacey will welcome us as well as set the stage for our discussion, and she is the director of housing outreach in the Client and Community Engagement Department in the Single-Family Division at Freddie Mac. Of course, Freddie Mac is a valued partner with HUD, the Office of Housing, and, of course, housing counseling industry as a whole as we work across the nation to ensure housing equity and opportunity.

Specifically, Stacey is responsible for working with the housing counseling community and other stakeholders to create and implement innovative initiatives and activities that advocate and prepare consumers for sustainable homeownership. These relationships are directly related to providing equitable and responsible lending opportunities to first-time homebuyers, low- to moderate-income borrowers and families in underserved markets.

In her position, Stacey also oversees Freddie Mac's credit smart suite of housing and financial capability curricula, as well as outreach efforts related to duty to serve, equitable housing, and various neighborhood stabilization initiatives. Stacey, take it away, and thank you for joining us.

Stacey Walker: Thank you, David, for that very warm welcome and for the outstanding work that HUD's Office of Housing Counseling is doing.

I'm Stacey Walker, the director of housing outreach at Freddie Mac. And as David has said, my team works with many, many of the housing counseling agencies -- HUD approved housing counseling agencies across the country, and we very much appreciate the work and the significance that you all are to the communities that you serve.

I appreciate the opportunity to welcome everyone to today's session, Benefits of Counseling and Homebuyer Education. Hopefully, many of you were able to attend yesterday's session where we took a closer look at the -- at housing counseling agencies and their clients.

One of my colleagues, Lariece Brown, spoke on some of the research that we've done on the benefits of homebuyer education, consumer confidence after having taken a homebuyer education course, and consumer shopping habits.

And just really quickly, some of the summary of findings indicated that, among first-time homebuyers reporting that they have taken homebuyer education and counseling, they had a better mortgage knowledge. They have more confidence in the ability to explain the mortgage process. They had a higher level of satisfaction with their mortgage, and they were more likely to shop for more than one lender.

So we know that housing counseling and education works, but how do we get the message out to more people? In yesterday's session, outreach was a key term, outreach, outreach, outreach. We couldn't say it enough.

And Simone Griffin from HomeFree did mention that whenever she's out speaking to people about the work that she does, people always say, well, what exactly do you do? And she talks about the great work that HomeFree-USA does around homebuyer education and counseling. And people say oftentimes, oh, I wish I knew about homebuyer education and counseling before I bought my house. And these are people at all ages, all income levels, and all levels of education.

So how do we get the word out about homebuyer education and counseling and the effectiveness of it to everyone? We talk about low-income, we talk about upper income, but oftentimes, we leave out the missing middle, as my boss, Cindy Waldron, likes to call, them the missing middle. How do we get to that missing middle?

And we've been thinking outside of the box since last year at Freddie Mac on how do we reach that segment. So we've really been reaching out and working with entities that we would not naturally work with, fraternities and sororities, for instance.

We've done several workshops for sororities and fraternities on credit and on wealth building and on refinance. And we've sprinkled in homebuyer education and counseling as well, just knowledge of it and introducing HUD homebuyer -- I'm sorry -- HUD approved housing counseling agencies and the work that you do. And again, oftentimes we hear, oh, I wish I knew about that before I bought my home.

We've also been working with colleges and universities, including HBCUs, their faculty and staff, as well as college and university extension programs. So where you have an agricultural school, they will oftentimes have an extension program that reaches throughout the state that they're in.

And so, we've been working with Prairie View A&M in Texas, and we will be working soon with the University of Tennessee in Knoxville and their extension program. So we're going to continue to do outreach to groups such as these to get the word out on all the great education that a housing counseling agency can provide.

So that was just an example of the types of outreach that we're doing at Freddie Mac. But today we're going to get into the benefits of education and counseling, and I really look forward to hearing from PD&R and from the lender community on the effectiveness of homebuyer education and counseling. So thank you. Thank you. Thank you, again, David, for inviting me to participate in today's session. And with that, I'd like to introduce Karen Hoskins.

Now, Karen is a lead housing specialist at ICF who has been in the industry -- who has been an industry leader -- excuse me -- in her own right, based on her experience and knowledge of the mortgage industry and homebuyer education and counseling. Her past experience include a long-standing career at NeighborWorks America, which is where I first met Karen, as well as earlier being at Fannie Mae. So with that, Karen, I'd like to introduce you. Thank you.

Karen Hoskins: Wonderful. Thank you so much, Stacey. It's a pleasure to be here and be a part of these important conversations. As Stacey said, today, we'll be examining the benefits of housing counseling and homeownership education and its impact in helping individuals and families achieve their homeownership goals.

So again, a huge thank you to David and Stacey for their opening remarks.

As was mentioned, we're going to be hearing presentations from first the HUD Office of Policy Development and Research on the outcomes of their recently released homebuyer education and counseling impact report.

Bank of America and Wells Fargo are both here, and they will be discussing their programs and strategies that support education and counseling. And then later, we will also hear from a panel of industry leaders with their insights on the value and importance of housing counseling and education and their responses to the presentations.

We'll also allow time for audience Q&A. My ICF colleague Shawna Moraille here, and together we will be monitoring the Q&A box for any questions that get posted there. So that's where you want to post your questions, if you have any for either the presenters or the panelists that you'll be introduced to a little bit later.

You'll also want to stay tuned after the Q&A for closing thoughts and reflections by the Office of Housing Counseling from David Berenbaum.

So we are delighted to have three impressive presenters today who are here to share data and information from their work and how it connects with homeownership education and counseling.

Our first presenter is Marina Myhre. Marina is a social science analyst with the HUD Office of Policy Development and Research. She has more than 21 years of experience designing and managing contract research projects evaluating HUD programs.

We're also delighted to have Maria Serravalle. Maria is vice president, Homeownership Solutions and Homebuyer Education at Bank of America. Maria supports Bank of America's \$15 billion community homeownership commitment, which is aimed at helping more than 60,000 individuals and families purchase a home.

And then our third and final presenter will be Nicole Williams. Nicole is vice president, Home Lending Diverse Segments, Strategy, and Planning at Wells Fargo. Nicole leads diverse segments strategic plan that focuses on housing solutions for ethnically diverse, low- to moderate-income, and first-time homebuyers.

So welcome to our presenters. These ladies have a lot of information to share. So here to get us started is Marina Myhre from HUD's Office of Policy Development and Research. Marina.

Marina Myhre: Hi. Good afternoon. Thank you, Karen. Really appreciate that warm welcome. I am here today to present the first-time homebuyer education and the housing -- excuse me -- homebuyer education and counseling demonstration long-term impact report.

Now, this study was designed to test a big idea. What if free homebuyer education and counseling were made widely available to people who inquire about a mortgage through a major national lender? Big ideas usually come to fruition when a confluence of factors converge.

This study grew out of the foreclosure crisis. It was an unfunded mandate in the Housing and Economic Recovery Act or HERA of 2008, and a national lender proposed it to us in 2009.

So what we wanted to know was, if we would make homebuyer education and counseling widely available, how many people would be interested? Would in-person or remote be more effective? How many would complete the education and counseling, and do education and counseling reduce mortgage delinquencies? And would there be any other impacts on the homebuyer and homeowner experience?

Now, this was a large-scale randomized experiment with a diverse sample of over 5800 low- to middle-income prospective first-time homebuyers who were randomly assigned from September 2013 through February 2016 to two different homebuyer education and counseling interventions, remote and in-person.

Remote consisted of online education, which was provided by eHome America and telephone counseling which was provided by Clearpoint. The in-person treatment arm involved group education and individual one-on-one counseling, which was provided by three -- 63 -- excuse me -- HUD approved housing counseling agencies across the country.

Now, the in-person group changed to be the choice group in September of 2014 because of low in-person participation rates. And when that change happened, it did not affect random assignment, which remained intact. But individuals could indicate their preference for remote or in-person, and then if they were assigned -- randomly assigned to the choice group, they could choose whether they would receive in-person or remote services.

Now, the study worked with three large national lenders to enroll a very diverse sample, which was only 38.5 percent white, from 28 metro areas with the highest loan application volume in 2013. This recruitment and enrollment process was unprecedented, with the lenders contacting over 130,000 people, and it took over two years to design and over two and a half years to implement.

This study is also unprecedented in terms of the length of follow up, four to six years in this current report and almost six to eight years in the final additional COVID analysis report, which is expected in early 2023.

It is important to note that what I have described is not a study of HUD's housing counseling program. While all of the agencies were HUD approved, the remote services differed from the way they were normally delivered and offered at that time.

So eHome America's online education was usually paired with in-person counseling at the nearest local housing counseling agency, but we paired eHome America's online education course with telephone counseling offered by Clearpoint to all remote participants.

The quick overview is that the findings were mixed. The intervention improves credit scores for women and younger borrowers who were 29 or younger at baseline with a random assignment. The intervention also improves people's confidence in their ability to find information and their debt composition.

On the other side, there were no significant impact findings in terms of the credit scores for any other groups of participants or for the treatment group overall, and there was also no significant impact on mortgage delinquency overall and no improvement on key outcomes for people of color.

This is an opportunity to embrace the study findings and update and innovate homebuyer education and counseling to be more impactful and equitable.

We want to give you a brief overview of who is in the study. So you can see the study was very racially and ethnically diverse. As I had said previously, only 38.5 percent white, 25 percent Hispanic, 20.4 percent African American non-Hispanic, 12.1 percent Asian non-Hispanic, and 3.9 percent other race.

This sample, however, was majority male, more educated, and had higher incomes than the typical homebuyer education and counseling client, which I'll go into more details on my next

slide. The majority had a co-borrower, as you can see, and were employed full-time and had a bachelor's degree.

In terms of the stage of the homebuying process, many participants were in the later stages because of the lengthy recruitment and enrollment process. So 13.2 percent, if you look on the right, had made an offer but no agreement. 25.3 percent had signed a purchase agreement, and 13.2 percent had purchased a home at baseline.

The participation rates were lower than expected for the in-person group, with about almost 26 percent initiating in-person versus just over 63 percent initiating for the remote homebuyer education and counseling services.

The study was also not a study of the HUD housing counseling program because the sample was not representative of the typical housing counseling client. Participants were recruited from a broader universe of prospective first-time homebuyers who had inquired about a loan.

The study, also by design, because it was a randomized controlled trial, had to exclude anyone who was participating in a down payment assistance program because of counseling requirements. And many participants, as I showed on the previous slide, were in later stages of the homebuying process.

Because the recruitment and enrollment process took six to eight weeks to move from lender recruitment to study enrollment, that is why we ended up having participants that were later stage than ideal and much later stage than what the typical housing counseling client is.

Now, two other caveats about the study are that many key outcomes considered, especially the 60-day delinquency rates and credit scores, are sensitive to prevailing and market conditions.

The conditions may have encouraged a wide range of families and individuals to pursue homeownership, but it also helped minimize delinquencies and defaults for those who purchased, keeping in mind that we enrolled between September of 2013 and February 1st of 2016 and study participants had a year to take up the homebuyer education and counseling services that were offered. So we are now in 2022. The world has changed a lot. So just keep in mind that the market conditions at the time were different.

The study also did not evaluate the effectiveness of any organization's program or the HUD housing counseling program overall.

Now, to go into a little more detail on the key findings, the positive findings are on the left, that offering homebuyer education and counseling resulted in increased confidence in the ability to find needed information about the homebuying process, higher than average credit scores for women and younger adults -- as I said, those younger adults were 29 years or younger at baseline -- higher levels of student loan debt, which was coupled with higher levels of savings and investments and lower levels of credit card debt. And there was also no difference in terms of impact on the delivery method or mode. The results were the same for in-person and remote.

Now, offering homebuyer education and counseling did not result in any detectable impacts on the overall average credit scores between the treatment and control groups, other than for the subgroup that I just mentioned, the women and younger adults.

There was also no detectable impact on the 60-day delinquency or any other measure of loan performance, and there were no relative improvements for African American or Hispanic study group members.

Now, one of the biggest contributions of the study are the survey findings that describe the first-time homebuyer experience for those who purchased and for those who hadn't purchased four to six years after enrolling in the study.

We learned about the most valuable thing homebuyers learned, about the challenges or obstacles they experienced during the home search or home purchase process, and a wealth of other information that is in Appendix F in the study that was released yesterday.

The -- in terms of the most valuable thing that homebuyers learned, personal finance best practices topped off the list, as well as the cost of homeownership and the process and cost of getting a mortgage.

In terms of challenges or obstacles, the lack of affordable housing and lack of a down payment, as well as the complicated mortgage process were the challenges or obstacles that the survey respondents noted.

Now, it's important to share most study participants 77.1 percent, had purchased a home, and it took an average of 9.1 months to purchase. 25 percent took more than 18 months to purchase, most citing the need to save enough money or that they had trouble finding a home that they wanted to purchase or losing out on a home due to a competitive market.

And after home purchase, home repairs and/or no obstacles were noted by the participants.

It is interesting and important to note that the survey occurred in September of 2019 through about June of 2020. So the bulk of the survey responses were received before the pandemic began, and there were about a third that were received after the pandemic began.

So with this in mind, about 65 percent of all study participants had experienced at least one hardship in the last 12 months based on their responses to the survey. Almost one-third had a major car or home repair. About 20 percent experienced other hardships, including having work hours or pay reduced, unexpected financial support to a family member or friend, or a health emergency.

And again, Appendix F, as I said, provides additional information and includes a very interesting comparison between purchasers and non-purchasers in terms of their survey responses.

Now, the implications of the study are numerous. I think capitalizing on the positive subgroup findings that we have for women and young adults, to pick up on earlier points about outreach, outreach, outreach, expanding the reach of the current program would be a key takeaway.

Recent research that has also shown that education that enhances financial skill and skill building through case studies, simulated decision making, or experiential learning is more likely to be effective than the knowledge transferring intervention that this study tested.

So taking that into consideration, the subgroup findings also imply a greater customization of education, like more interactive education that is tailored to the individual's specific experiences could be more effective. Housing counseling itself has always been specifically tailored to the individual, but the education has been more broadly structured.

Now, the lack of difference between in-person and remote impacts suggests that a move towards more remote, which has been happening because of the pandemic, but on its own would be an easy and cost-effective way to reach a broader set of people.

The long-term follow-up survey findings provide a wealth of critical data from a large, diverse sample, 28 sites across the country, about participant experiences with the first-time home buying process and about the obstacles to buying a home that can inform and help shape homebuyer education and counseling curriculum. This is data that we haven't had before on this scale or from such a diverse group, and it is ripe to be mined to help improve curriculum and the program overall.

Now, to continue the implications, I think other ways to benefit from the study's successful subgroup findings would be to test program improvements on other subgroups to see if we could achieve similar results.

Now, the study sheds light on the structural barriers that disproportionately affect communities of color. The study revealed racial and ethnic disparities in savings and credit scores that impede homeownership and wealth building opportunities more broadly.

These disparities have resulted from generations of structural and systemic barriers to education, employment, and wealth building opportunities, as was noted in a publication by the Federal Reserve Bank in 2021.

And in terms of our study, although more than 83 percent of study participants who were white had purchased homes at the time of the long-term follow up analysis, that rate fell to 71 percent for Hispanic participants and 67.8 percent for African American participants.

These findings should not be surprising, given the documented wealth and homeownership gaps for people of color. I think it is both important and disheartening that the study confirms those wealth and homeownership gaps.

With that confluence of factors, it is not surprising that African American or Hispanic potential first-time homebuyers have higher barriers to overcome, higher barriers that homeownership education and counseling are probably not designed to address.

Given the executive order on equity and the focus on lived expertise, I think the timing is right and it would be really powerful and impactful to embrace the study findings and incorporate lived expertise to understand what elements of homebuyer education and counseling could be adjusted, improved, or reimaged.

The study presents a wonderful opportunity to reimagine homebuyer education and counseling and to also think beyond it to inspire solutions that would bridge the wealth and homeownership gaps, like first generation down payment opportunities, perhaps matched individual development accounts, and then homebuyer education and counseling would be a great accompaniment to pair with down payment assistance, with matched IDAs to have homebuyer education counseling be more impactful and equitable for people of color and society overall.

In this vein, I want to share some feedback that I received from a participant who reached out to me in May of last year when I was reviewing this final report and to illustrate the benefit of hearing from the counseling clients themselves.

She was writing to me asking for a certificate of the counseling that she had completed because she was about to purchase a home. And she said, "I participated in the study in 2015 and am now in the process of purchasing my first home. The course and materials were really helpful. The study was great. Helped me figure out I was not ready to buy and take the steps I needed."

So I asked her, what were those steps and if student debt was involved, because we had been talking about that a lot at the time.

And she said, "For me, it was getting my finances in order and saving more money. Student debt was a large part of that calculus. I was planning on waiting a few more years until I qualified for student loan forgiveness, but since I've just got two years left and I was able to save all of that money during the pandemic without the monthly payments, I decided to go for it now, especially with interest rates so low, but mostly having more savings so that I could purchase more home and felt comfortable being able to deal with any other expenses that would arise."

Now, as I've said or hinted at, the study was designed about ten years ago, and the homeownership education and counseling was provided between 2014 and 2017. A lot has changed since then, and the Office of Housing Counseling has been a critical part of that evolution of the pre-purchase counseling methodologies and financial education tools since that time.

A lot of their accomplishments are in line with the study implications that I proposed earlier. They have achieved full certification of housing counseling professionals as mandated by Congress. They have implemented innovative, pre- and post-purchase counseling programs focused on providing culturally sensitive and linguistically appropriate services to reach underserved groups.

They've launched a new set of grants to partner -- excuse me -- with historically black colleges and universities and minority-serving institutions. They have implemented a social media and outreach campaign to reach the next generation of homebuyers, and they've embraced new modalities and technologies for providing high impact counseling services.

Now, to share the next steps, the report, as you know, was published yesterday. It was published on HUDuser.gov, and there will be a final report that will carry the COVID analysis using administrative data and hopefully some qualitative data to give context to the findings through July of this year, the end of this month, and we expect to have that report probably around this time next year.

So thank you very much. And now -- sorry. Excuse me -- I hand it over to Maria, who's going to talk to us about her experience and work. Thank you.

Maria Serravalle: Thank you so much, Marina, for sharing that information. And just like a lot of our participants here, and I'm watching the list just grow and grow and grow. So I think last time I checked, I'm writing down 182. So by all means, I'm sure that we all had -- I see the questions are coming -- in some of those aha moments. Why did this? What about that? Have we consider so and so?

So for everyone that just joined, I see the list is growing. My name is Maria Serravalle, and I have the pleasure to be part of our neighborhood and community lending team here at Bank of America.

So just briefly, before I get into our presentation, just to provide some background, I actually started my career going through the steps to get certified to work for a HUD approved housing counseling agency. So just going through the names, I do notice some of my peers here. So I'm glad that you're also joining.

Now, this particular experience for me -- and I went to school for accounting -- it really influenced. It influenced my passion and focus in homebuyer education as a way not only in sustainable homeownership but building wealth in our communities.

So Marina, some of the moments that I was jotting down and I remember specifically going back when I was a counselor was, yes, the being able to provide the right understanding, the process, how to review credit, report changing those behaviors, and increasing the credit scores. So by all means, housing counseling has so many benefits and I'm preaching to the choir here but it does improve that confidence, especially with our industry. It's ever changing. Our market is ever changing.

And then also too, it has helped Bank of America, by all means, as well as probably many of our lender peers, inspired to find solutions such as those down payment assistance as well as other barriers.

So to start off, I want to give a little bit of background on how we came up with our commitment because we didn't start off with a \$15 billion commitment. So taking you back, in 2019, we launched a \$5 billion five-year commitment, and that will help us put an additional 20,000 individuals in homes.

Now, because of the overwhelming impact and how our community, especially communities of color, low or moderate neighbors responded, 2021 we triple that commitment to \$15 billion through 2025. That means it will help an additional 60,000. So we started with 20,000. We tripled it to 60,000 individuals and families.

So how does the bank plan to do that and be able to deliver on that commitment in this time period? Well, we have a quite a bit of solution that we cannot do it -- and I stress and I want to be very intentional. We can put all these solutions out here. We cannot do them without the appropriate homebuying education, whether it's pre-purchase, one-on-one sessions, getting mortgage ready to now that you're in the process of purchasing, what to expect in the process.

What's happening? What do you need to do and understand so that you can make it to the closing table and the right behaviors and not stopping there? What about later on? Purchasing is not a one-month, two-month deal. We have a commitment of 30 years, but also, we have a lifetime commitment of having a roof over our head.

So starting off with the low down payment programs, we have our 3 percent down program. So it's a conventional. That requires homebuyer education, FHA loans, VA loans, so something that's very similar to a lot of our lender peers. But with the most generous grants in the industry, we do have up to \$17,500 combining down payment and closing costs.

Now, this does vary by market, but just to give you a brief overview, our America's Home grant is a big lender credit, up to \$7,500 and it covers the non-reoccurring closing costs. So all the lender fees, prepay fees, government recording fees, everything but the escrow normally that a buyer would have to come out of pocket, this is usually, I call it like a big coupon. And in some areas, depending on where our clients are, it may be more than enough. So we use the rest of the money to buy down the interest rate.

So if you can imagine as a strategy being able to offer this as a credit, so it's a non-repayable grant by all means, no deed restrictions or anything like that.

Then we also have down payment grant in selected markets. This could be an additional up to \$10,000 or 3 percent. Now, this is a grant in itself to provide them and given them the ability to have some equity. Now, 3 percent could be that initial cost. They are able to put up to 20 percent, but by all means, for our conventional 3 percent down product, this could help them.

Instead of using their money, working with a housing counseling agency, they know, well, I can keep it for those emergencies. Life always is going to happen. So being able to know that they had the right behaviors, saving and budgeting but also knowing this is the reward. I was going to use it for a down payment. Now, I can use it to make sure I have a really good emergency fund.

And then down payment center. Down payment center is the availability to look at other third parties. So we work with over 1300 different third-party programs that we can layer with our solutions. So if you could imagine, we're looking at finding the best ways to make sure that they -- we're able to review everything that that client may be eligible for.

Now, we can't do pillar one or pillar two that I just mentioned without the expert advice, guidance, and strategic relationships. And of course, one of those strategic relationships is our nonprofit housing counseling agencies.

So just going down the list here, again, there's so many familiar names. I know I can't say hi to everyone, but it is an example a lot of the agencies that the bank works with overall. And something that we changed a few years back is having a different type of lending officer really work with our clients.

Now, all of our lending officers are able to originate mortgages. What our community lending officers are experts to deliver not only our value proposition and what we're doing for underserved clients and communities but working with our partners.

So I know you guys won't let me lie. You are working with some of our community lending officers because they're volunteering to teach credit, how to prepare for a mortgage, on the process, maybe share some of their experiences, really looking to see what else can I do to provide resources out to the community that is really looking to make that goal of homeownership happen.

And then, of course, our real estate center, this does showcase the grants, where they are, but also some of the income limitations. So it takes a lot of the thinking back from, how do I calculate? Do I -- would I qualify for the grants? Is there an area that I am or not? It does show and it geotags the properties that actually may qualify for one or both grants, if we have them in the market.

And then lastly, the messaging. As clients are working with our lending officer, they're working with their real estate agent, they're working with their counselor, they have they're all A-star team, the messaging has to be across consistent.

So what we did is we have various tools, if they want to learn on their own, if they want to have additional backgrounds so that -- they're not the mortgage experts we are, but they're starting to hear this back and forth.

They -- we do have a first-time online education series. Now, the series does not, by any means, replace homebuyer education like what our peers are doing, but it does allow in English and Spanish to be able to have first-time homebuyers be able to learn a little bit more. They actually also hear about other clients that actually closed with us and they share their testimony.

So what I wanted to provide a little bit as far as background and why Bank of America does this and why we have all these tools is that we would not be able to do what we have and really fulfill our commitment without our housing counseling agencies. Our Bank of America clients are not

always mortgage ready, and instead of saying, well, you're not ready today, see you in six months, come back in a year, figure it out, we want to provide them all the tools.

Whether they're working on their own, such as our better money habits, online education, whether they want to speak with a housing counseling agency in person or virtual, or even do their online workshops, we want to give them those tools.

And I actually took the time to put together -- I know I have a couple more minutes, but put together some of the feedback that we have received just from clients that have completed homebuyer education.

So let me just read verbatim, but this says, "This was beyond helpful. My counselor took the time to check on my progress. I appreciate the information and lessons received during counseling."

Another client said, "I am glad I stopped procrastinating and actually signed up. I started preparing for homeownership and improving my credit. This helped me get motivation and actually keep working at it."

And then the last feedback that I got, it actually came from a meeting yesterday. So Jerome, I know you're on the line, and I took this from Kevin. Kevin said, "The clients are typically saying, God, I wish I knew. I had no idea before I took the class."

So overall, peers, thank you for letting me share some of the experiences that I had, but as well as the \$15 billion community homeownership commitment that the bank has.

But to close off, we are intentional to mention how well the effectiveness of housing counseling and working with our nonprofit housing counseling agencies has really helped join our efforts to support education and sustainable homeownership. So thank you for your time.

With that, I'm actually going to turn it over to Nicole Williams from Wells Fargo.

Nicole Williams: Thank you, Maria. Good afternoon, everyone. First, I'd like to thank HUD, David, the Office of Housing Counseling, and team for holding this three-day event and having me -- inviting me to be a part of your symposium today.

As Karen mentioned earlier, my name is Nicole Williams. I lead the diverse segment strategic plan for Wells Fargo Home Lending. First, I'd like to start off by sharing a few initiatives Wells has underway across the housing journey and share our experiences and strategies with housing counseling.

This experienced audience knows that providing a safe, affordable housing is the key pillar to American dream and bringing financial opportunity for households and stability for communities nationwide. We know lenders can do more, and Wells Fargo is working hard to close the homeownership gap through focused outreach efforts, new offerings, and industry initiatives.

This spring, Wells announced a new initiative to advance racial equity in homeownership across the nation. This initiative includes the development of a unique, special purpose credit program to which Wells has committed \$150 million to help eligible minority homeowners whose mortgages are serviced by Wells. They lower their interest rates and reduce their monthly mortgage payments. This SPCP is just one pillar of the recently announced expanded efforts to advance our racial equity and homeownership.

Our affordable product, called the Dream Plan Home Mortgage, it helps more doors to homeownership for low- and moderate-income families, offering down payment as low as 3 percent on a fixed rate mortgage, and it supports approval of those nontraditional -- with nontraditional credit.

In 2020, Wells launched Dream Plan Home Closing Cost Credit to help more LMI families become homeowners by providing up to \$5,000 towards their non-recurring closing costs, making it easier for low- and moderate-income families to purchase a home. And the program is also available in 18 markets, and we're expanding to additional markets between now and the end of the year.

Our announcement also includes plans to a few of you in this audience to expand our collaboration with the National Urban League and UnidosUS and commit through the Wells Fargo Foundation \$60 million in wealth opportunities restored through homeownership, which we also know as worth grants, projected to support 40,000 homebuyers of color.

These efforts I'm sharing with you play a crucial role in our ongoing and longstanding efforts to advance racial equity in homeownership, efforts that have enabled us to help more black and Hispanics achieve their homeownership goals than any other bank lender over the course of the last decade.

So we're proud of the work we've done to date, and we believe we can do more and know our work is never done. So as an industry leader, we have an opportunity to make an impact not just through our individual actions but through a collective focus with this to help our drive across the housing sector.

The Wells Fargo Foundation also recently launched a \$40 million grant initiative. It's focused on expanding the growth and success of real estate developers of color. Working in partnership with four CDFIs, these developers will have access to lower cost flexible capital, training, mentors, and resources needed to accelerate affordable housing production.

Over the years, several of you are probably familiar also with our neighborhood lift work. This is a collaboration that we have with NeighborWorks America and its network members providing forgivable, zero interest down payment, closing cost assistance, and offering HUD approved homebuyer education for low- to moderate-income families.

We believe that everyone should have access to quality, affordable housing. Housing affordability is a challenge that requires all-in problem solving, and this means looking beyond the individual facet and working across every angle to find innovative solutions.

I'd like to take also a few minutes to share Wells Fargo's strategies with housing counseling and the benefits we've seen with housing counseling and education over the years.

Wells' priority with housing counseling is how we build our relationships with housing partners and the tools and resources to build trust. So for those of you that have been attending this three-day symposium, trust has been a common word and a common thread that we must stick in to help close the racial homeownership gap.

We recognize products can come and go, and housing counselors and lenders have a shared purpose. So we make it a priority in how we can engage and understand each other and strengthen trust. So by doing this to increase our confidence in underserved communities and working together benefits our mortgage ready homebuyers to get in the home of their dreams or helping homebuyers with financial hardship.

We're actively working with over 1700 different housing counseling agencies, managing over 3100 contacts through the nation. We have relationships with pre-purchase, default, legal assistance, and other counselors, and we centralize these relationships into one tool to manage their contacts, our relationships together, and our outreach activities.

We host several educational webinar series with industry partners and provide video newsletters as well with -- these are focused on needs of diverse consumers, different paths of homeownership, the assistance for renters, potential products, and solutions to help cure delinquency or avoid foreclosure related actions.

We're exploring a new webinar series with industry partners, sharing topics of racial inequality, fair lending, and social responsibility to demonstrate the importance and opportunity to drive equitable homeownership solutions.

In 2014, we started sending surveys nationally to our HUD certified housing counselors, legal aid attorneys, and other nonprofit representatives within the housing space to help us deepen our understanding of what is working well and how we can improve and strengthen our relationships with all of our housing stakeholders.

We use this feedback to make appropriate adjustments, to become more impactful as a home lending organization, further understand how we can cultivate business development activities, offer an array of affordable lending products and programs in underserved markets, and, more importantly, how we can also maintain a sustainable, effective relationship with our housing nonprofits.

Wells is the only financial institution that has a dedicated end-to-end diverse segments mortgage outreach team from pre-purchase to post-purchase, focused on supporting borrowers and housing partners through community outreach.

We provide financial support to HUD participating housing counseling agencies for sustainable homeownership counseling. We're also exploring how we increase access to pre-purchase

counseling by participating in a pre-purchase fee for service pilot through our industry partners with OCC Project REACH in HPII.

We recognize that counseling is more than just education, and this is another avenue to build trust and confidence in homebuyers and provides access to programs and support for the homebuying journey.

So for those of you that don't know what Project REACH is, REACH stands for Roundtable for Economic Access and Change. This is OCC's national leadership team that created this work two years ago to bring together lenders from banking, business, technology, and national civil rights organizations to reduce the specific barriers that prevent full, equal, and fair participation in our nation's economy.

Last year, one of the workstreams, the adverse action and affordable homeownership workstream, we focused on identifying solutions together on two paths, one, a pre-application path and the role of nonprofits, lenders, and other influences have to prevent a denial, and two, a post-decision path focused on changing denial messages from no to not now.

With several lenders, nonprofits, GSCs and regulators, including HUD, CFPB and OCC, we came together, and for those of you who were on Tuesday's session, Lot Diaz from UnidosUS mentioned on Tuesday that we agreed that to pilot an enhanced pre-purchase fee for service program through an initiative called HPII, which that also stands for the Homeownership Partnership Integration Initiative.

So we feel this pilot is one of many ways to build a consistent pathway to help consumers achieve and sustain the home of their dreams. We recognize that not one lender or one nonprofit can change the racial homeownership gap, but together as a collective, we can build a pathway to educate, counsel, and help our borrowers to be better prepared for the long-term responsibilities and help ownership -- and homeownership and continue to find innovative solutions together.

You'll see on another pillar there, pre-pandemic, Wells also partnered with NeighborWorks America through NeighborWorks Training Institute and supported several HUD counselors to receive their continuing education by funding their tuition and lodging fees.

And last but not least, since March of 2020, Wells has provided more than \$40 million in grant funding to national nonprofit housing and legal assistance organizations in supporting housing counseling, stabilizing renters, and eviction avoidance. And more than 320,000 renters and homeowners have been helped through the effort.

So we are committed to doing more. And like I said earlier, we know our work is never done. So I appreciate your attention, and I'll turn this back over to Karen. Thank you.

Karen Hoskins: Thank you, Nicole, and thank you so much to each of our three presenters for all of the interesting and thought-provoking information they shared.

Just a reminder, if you have a question for our presenters, you can post it in the Q&A box, and we'll get to as many of those as we can during the Q&A portion of the session.

So now, let's move to our industry panel of experts who are here to share their insights in response to the presentations given by our presenters. So Terry Carr is a senior program advisor to the deputy assistant secretary in the HUD Office of Housing Counseling.

Christine Windle is director of community outreach for the National Association of Realtors. Bruce Dorpalen is here. He's the executive director at the National Housing Resource Center or NHRC.

Linda Davis-Demas is vice president of housing at BALANCE, which is a national intermediary. She is also co-chair of the Coalition of HUD Housing Counseling Intermediaries. And then finally, Gregory McDonald is an adviser in affordable lending at Fannie Mae. So welcome to all of our panelists.

So Terry, why don't we get started with you? So from your perspective, what resonates with the Office of Housing Counseling from the presentations we've heard today?

Terry Carr: Thanks, Karen. Actually, a number of things. I am particularly struck by the commitments that Bank of America and Wells Fargo have made to racial equity and to homeownership in particular, Bank of America with its \$15 billion commitment and a number of the things that Wells Fargo talked about that they're doing.

And so, we can see that people understand that this is an issue we need to pay attention to and that they focus their resources on housing counseling. And so, to that end, I think the biggest takeaway here is that -- is the positive impact housing counseling can have on people and can have on individuals, can have on folks who want to achieve homeownership.

With respect to the study and the ideas that -- the findings that Marina presented, it seems like people have really -- there's really an advantage in housing counseling. People really feel better about their ability to navigate the homebuying process, about their financial decision making is better, and they also seem to have, in some cases, better personal finances.

And so, the idea that you've got higher levels of savings and investments among folks who receive housing counseling, that women and younger people tend to have higher than average credit scores, these are significant and notable benefits to participating in housing counseling and education.

And I guess the only other thing I would say is we don't want to ignore the findings that are more mixed. So with respect to African Americans and Hispanics -- Hispanic Americans, we have to obviously acknowledge that those findings take place in, as Marina noted, as sort of complex interplay of structural barriers that can really undermine homeownership.

And I think from that, we see that it's an opportunity to learn and an opportunity to make changes. So while we may not be able to resolve those structural barriers, we can continue to

evolve the program so that it is as effective as it can possibly be. And I think Marina actually talked about a number of things that are already being done in that area.

So the program continues to evolve. We are seeing more in-depth credit counseling. We're seeing more in-depth one-on-one coaching. Our counselors are certified now. We're also beginning to explore how we can partner more effectively with minority-serving institutions so that we can reach deeper into minority communities.

And there are many other things I could talk about and ways that would advance the goal of providing better and more effective services, but I think I'll leave it at that and turn it over to the next person. Thanks, Karen, for asking.

Karen Hoskins: Sure. Absolutely. And thank you so much for your encouraging words really. We -- this audience certainly understands the benefit value of homeownership education and counseling. So thank you for underscoring that with your comments.

And so, now, Christine Windle from National Association of Realtors. As we know, a real estate professional is often the first contact prospective homebuyers engage with. So Christine, what can you tell us about how NAR is supporting pre-purchase education and counsel?

Christine Windle: Thank you so much for the opportunity. It is so wonderful to be with you today. I've enjoyed the presentation so far.

And just a little bit of background about NAR before we get to that question. We represent 1.5 million members involved in all aspects of residential as well as commercial real estate. So the members include brokers, salespeople, property managers, appraisers, counselors, and others engaged in the industry.

And then those members, just to provide a little bit of context, belong to one or more of our 1200 local and state associations. So with that, NAR devotes considerable resources to support those state and local associations and their efforts to create or improve systems, programs, and policies that expand access to housing that is affordable and access to housing counseling.

So as part of that focus, NAR's Housing Opportunity Committee, which comprises about 90 of our most active members in that area, also chaired by Paul Yorkis-- he also serves as NAR's representative on HUD's Housing Counseling Federal Advisory Committee.

That group provides specific strategic direction on housing opportunity initiatives, including how best to ignite Realtor Association partnerships with local nonprofit partners, including housing counseling entities, to advance those opportunities. So it's sort of the core mission of the committee.

So with that, for the past several years, we have worked putting our money where our mouth is financially to support association partnerships with those entities, to educate and raise awareness with consumers, many, of course, who are interested in purchasing their first home -- many of you, obviously, that's what you do -- working with those folks and educating them about what

are those housing opportunity programs available in their community with an eye on substantially narrowing the racial and ethnic homeownership gap?

So through our NAR Housing Opportunity Grant program, getting into the weeds a little bit, many of our associations receive financial support and funding to support standalone pre-purchase education, financial literacy initiatives, first-time homebuyer affairs. There's a ton more, but that's sort of the core of the activity.

Just to give you a couple of examples -- I think I can I could spend 30, 40 minutes talking about the examples -- West Georgia Realtors Association worked and partnered with the local HUD certified housing counseling agency to offer a pathways to homeownership course for first-time homebuyers.

So they talked about the obstacles to homeownership and credit counseling, and the program was so well received that the realtors are making it an annual event with their housing counseling partner. So the grant -- I think they leveraged up to \$5,000 from NAR -- supported marketing, venue rental, refreshment costs, takeaway brochures for the community.

The Howard County Board of Realtors in Columbia, Maryland partnered with the Consumer Credit Counseling Service of Maryland and Delaware, to put on a series of online homebuyer workshops. So we're supporting in-person and online.

So the first year they focused on first-time homebuyers. The second year they focused on Hispanic homeownership, and they talked about rights under fair housing, basic homeownership information, local. That's the key, bringing that local information to the audience, local affordable housing options and resources, financial literacy, and more. And then the grant -- I believe they received up to \$10,000 -- supported the cost of the marketing and the online event expenses.

And then our Capillary Realtors in Springfield, Illinois hosted four pathways to homeownership seminars for consumers. So topics included improving credit scores, loan app process, financing options, and the grant went to support marketing and refreshments. So the common theme here, but what was cool about this particular engagement, it took place during weekday evening and Saturday morning, which is important for everyone involved and who's invited to accommodate a range of work hours.

So speakers included housing counselors, loan experts, realtors. Everyone was in business casual attire, which, based on the feedback from our association, was less intimidating, invited more to come in. Again, the grant supported refreshments, marketing, and venue costs.

So we have a ton more partnership examples we can talk about, but you -- the key takeaway is you as a housing counseling professional, if you are interested in connecting with one of our 1200 local or state associations to explore this type of homeownership education initiative, please contact me. I really mean that. I will put my email in the chat. I can connect you with the local board and the proper point of contact so you can explore leveraging that partnership.

And again, thank you so much for the opportunity. I apologize if I went over my time.

Karen Hoskins: No. That's fine. Christine, thank you so much for that. Certainly, we all recognize that there's a long-standing history with the housing counseling community and the real estate community and the desire really to collaborate in a more robust way. So it's good to hear that NAR still has that commitment and is interested in expanding upon it. So thank you so much for that.

Okay. And Bruce Dorpalen from NHRC is here. Bruce, your organization's membership includes counseling agencies from all across the country. Tell us in your own words, what do you think housing counseling agencies can do to promote -- to better promote pre-purchase counseling?

Bruce Dorpalen: Absolutely. And first, thanks for doing this. And I think I have three quick points to make.

So the first one is that we -- that I think we've seen a lot of this already in the conversation. It's build programing that brings people to your office at the right time in their journey to homeownership.

So down payment assistance is a very good example, very compelling. People really need it. It's very important, especially in underserved communities, in black and brown communities where there's been less intergenerational wealth to share. Critical component, but there should be some requirements here.

So one is that there should be a requirement that there's full housing counseling. And so, a lot of down payment programs today, most -- many -- some of them do. Some of them are required just to have education. Well, education is a good thing, but it's not the personalized deep dive kind of work that helps people reach their individual housing goals by going through their credit, their savings, their finances, and really preparing them properly and figuring out affordability.

And of course, it has to be delivered by HUD approved housing counseling agencies goes without saying, but it's important to have those kinds of things built into programs.

So where there are down payment assistance in local markets, but it's not got these requirements, it's really worth it to go and talk to the providers, to take a group of housing counseling agencies, to take other allies, and see if that can't be convincing. It might be Housing Finance Agency. It might be a particular lender, but this is an important vehicle for getting people in at the right time.

The other element to this is that there should be requirements that the counseling be delivered before somebody signed a sales agreement and before they've signed a loan application. So here's the idea really, is that those are the two major steps in the process that will really lock in a lot of the financing and expenses of the process. You really want people to be talking to the counselor before those, and so create programs that get people to come in early before them.

So Philadelphia is a great example where they've done this, and they've got this -- a program that requires that the counseling be delivered and it be delivered before agreement of sale or loan application.

And there was some pushback from some of the financial services industry and real estate, but they got over it very quickly. Everybody understands the rules of the game. Somebody comes in early in the process to them, and they will refer them into the counseling agencies so that work can get done and they can come back fully prepared.

This is a really important thing that we learned from the experience in Philly and used that in designing the first generation down payment assistance program which was in Build Back Better. Obviously, it did not get passed, but, I mean, these create good models for how you do this well. And the more that we can get these out in the ground -- out and available is valuable.

The next thing is that it's very important to reach people where they are. And we have often done traditional kinds of marketing programs. We have learned in the events that we have been doing that social media is key to all this.

So many of you know and some of you participated in a number of the homebuyer events we did around the country, some of them in person and then some of them virtually. And well -- the vast majority of people came in really through Facebook, and they came through -- and we bought ads. I mean, this wasn't all just a mild network. It was you had to be somewhat strategic about this.

The cost effectiveness is much higher, and there was some concern, is Facebook outmoded and things like that? And we found lots of people were still on Facebook and plenty of people that are in our target audiences.

So we were getting people who were -- who had not talked to a real estate agent, who had not talked to a lender, people who are interested in home buying but were -- it was a younger population and they were not -- they had not been tied to housing counseling at all. Many of them weren't familiar with housing counseling at all. We were really tapping into the people that were the least likely to get into the system.

And kind of the good news of all this was that people really came out of it making appointments with housing counseling agencies, getting into the system, having their credit pulled, doing all those pieces that make it work. And so, we need to really kind of think about what those elements are that work inside your -- in your community.

There's -- it turns out that as an informational piece, that YouTube is one of the -- is the best vehicle for reaching younger black homebuyers and that it's -- that you want to use the tools that are available.

You also want to think about how to build your Facebook presence. So that really means that your -- any client that comes into your office, you should get them to like your Facebook page. It's how you build that network, and if it's -- and you get the postal carrier who comes into your

office. You get the cleaning people. You get your friends. You get your staff friends to all sign up. You really -- you're building out of these circles that go beyond the individual that's been signed up.

It's always good to have older people who are on Facebook because they have kids and they're at a point where they want to -- so, the whole -- you get the idea that you're really trying to build this big network and doing events where you're linked to that page so that people, when they come to the event, are also getting tied into your Facebook account. I mean, all those things build your presence, and you can dramatically increase the numbers and then your market presence. But it's also valuable to do targeted purchase of time on there.

The other thing that I wanted to talk a little bit about is sort of what's the best messages that work for us? And one of the key elements that -- in your work is your authenticity, is you are an independent source of credible information. You don't have a financial stake in the deal. You are really somebody that they can trust and a trusted advisor.

I think there's a real trust challenge. People are afraid in the process, and people who have had cultural experiences that have been negative in the financial services field that's especially large in the black community, but lots of people have had those experiences.

We are an antidote to that, and we should routinely use that element of our -- in our lives. And so, part of what we do when we are communicating, as in through social media, is they should see our face. They should see the housing counselors who are they're going to meet and who they're going to talk to. They should know who that is.

It's a really very cool thing. I know some purveyors use -- will set an appointment and it will include a picture of their counselor, and it personalizes everything. It makes it closer to you and your relationship.

One of the things that we found that was the most effective in all this was for clients to actually talk about their experience who had actually bought a house. And I kind of fall back on this one experience we had with -- at an event in Tampa.

And the family had purchased the house, first time they're buying the house. Their furniture was only coming the next day. They moved into the house, and they slept on the floor. And then every year after that, they would sleep on the floor of the house as an anniversary, and often they sent to the counselor photographs of the family there.

And I mean, these are deeply meaningful things, and that was the most shared copy we had on the Facebook marketing that we did.

So having people that speak authentically, certainly, and language helps a great deal so that you're -- that if you're not a native English speaker, that there are people there who both understand you and you can understand what they're saying. All those things have tremendous value, and we should promote that in our our ways that we move these things forward.

I mean, the one good thing about this and you're getting this message from these last three days is that there is becoming kind of a deep, broad consensus around the value of counseling among the institutions that we work with. And our challenge, I think, is to figure out how to get our program in front of people at the right time. And that's what some of these goals are. So with that, thank you and back to Karen.

Karen Hoskins: Okay. Great. Thank you, Bruce. Some really great ideas. Thank you for sharing.

So Linda, from BALANCE brings the HUD intermediary perspective to this conversation. So Linda, as an intermediary, what innovations are you seeing in pre-purchase counseling from your network agencies?

And, Linda, we're having still some -- I know early on we were having some audio issues. We'll give it a minute so our folks behind the scenes -- there we go. There we go.

Linda Davis-Demas: Can you hear me now? Okay. Thanks, Karen. So first of all, thank you again for having us here.

In terms of innovation, I think there's been some really interesting work that's coming out of the intermediaries. Christine, I think, alluded to some earlier in her conversation about what NAR is doing, and I think earlier today we saw an email come out from Freddie Mac regarding home coach and some of the work that's been piloted, again, through intermediaries, looking on how to improve in particular, as is pertinent to this conversation, the homebuying experience and pre-purchase counseling.

I can speak from our experience with a product that we've been working on with an industry partner as well that's really looked at improving the engagement with the client in terms of acquiring documentation.

So as many agencies had to adapt to going to electronic conversations or electronic collection of documentation, we've been doing this for a while, as have some other agencies. And this app or this tool that we're utilizing allows the client to not only have access to a tri-merge report, which is a soft pull, it allows them to upload key information that counselors need, things like tax returns, bank statements, paystubs.

It's an easy process. The counselor has the ability to look at doing homeownership calculations, so target purchase prices, information about payments, and really the ability to share this information virtually with the client as well as electronically so that they can compare different types of scenarios.

I think another thing that's worth mentioning is that there's also been a lot of innovation. We oftentimes talk about clients looking to purchase single family homes. And obviously, in a lot of key markets, multifamily properties have picked up quite a bit of attention.

And so, we've seen a couple of agencies that have launched key new programs, I would say, launched specifically at multifamily type units for both clients looking, families looking to

purchase, also those looking to maybe start entering into more of the investment space. And so, that's been really interesting to see both on the counseling as well as the education side.

And then one thing I do want to mention really quick is I think Bruce mentioned this earlier or alluded to this earlier, down payment assistance programs. We've been working with a program specific to the city of San Francisco that's geared towards increasing the number of minority homeowners. And so, that's been really amazing work in the last year, and I really do applaud cities that have been able to diversify their programs and look at more innovative ways of how we engage.

Sometimes also going back to the old in a new way is very enlightening. So we've incorporated some of the old homebuyer club but in a virtual space. And so, it's just been really interesting to see the success, and we'll have more information on that in the coming year. But again, I thank you all for having us here.

Karen Hoskins: Thank you so much, Linda. I really appreciate your comment about technology and how technology can help to reach more clients, can make processes more effective and more efficient. And we as an industry need to -- as a counseling industry, need to embrace in a much broader way technology when it becomes available or as it comes online and is available. Technology can make a huge impact on service delivery. So thank you for that.

And then we have Greg McDonald from Fannie Mae. Greg, we're so happy to have you here to bring Fannie Mae's perspective on housing education and counseling and the connection with mortgage lending. So could you talk a little bit about how affordable mortgage lending programs can incorporate housing counseling both now and in the future?

Gregory McDonald: Yeah. Yeah. Thank you, Karen, and thank you for having me. So first, let me start off by saying at Fannie Mae, we've got really a relatively small team of product developers and product managers, and I can assure you as one of those members that we keep education and housing counseling top of mind, as we are not only reviewing our existing products but also developing new ones.

I think we were very intentional in incorporating sort of educational requirements as a whole, where appropriate. Obviously, we're very focused on reducing credit risk and our delinquency rates, but I think there's really a recognition around the value of getting people comfortable with the home buying process and getting people mortgage ready. So those are something that we always keep in mind in addition to sort of that credit risk component of that.

Right now, in our selling guide around that compliance requirement for education, we're primarily focused on first-time homebuyers, people with low down payments, individuals using nontraditional credit to qualify. But again, we're trying to avoid being prescriptive as to what type of education is right for individuals.

So obviously we feel that housing counseling, really that tailored approach, has an important role in getting borrowers or homebuyers mortgage ready. And I think in the study today, we talked

about that improving savings, and I think that was really important, down payments and having enough money to not only buy a house but to also sustain that house in case of emergencies.

And I think they talked about the fact that there were home repairs and some of those financial challenges that pop up. So the fact that that is something that is influenced by housing counseling is great to see.

And I think also just -- and people getting -- knowing when they're ready to buy a house is important. And so, the fact that you guys can go ahead and not only get them comfortable with the process, but saying, hey, you've now got enough savings. Now is a great time to go ahead and buy. So I think that's fantastic as well.

And I think one of the things that I think overall, I think there should be a real effort to encourage education earlier in the process because I think that's where it benefits people the most. And I think Bruce touched on this in his answer just a couple seconds ago, where he's encouraging that early education.

We've paid millions of dollars around an incentive to encourage people to get housing counseling prior to signing a sales contract. We continue to look for innovative ways to go ahead and introduce education earlier. So any feedback that we get is just great when it comes to supporting that effort. So as it is currently, housing counseling is a big part of sort of our affordable products at Fannie Mae.

As we're looking towards the future, we believe in engaging with the housing counseling industry. I mean, that's just sort of one of the things that is going to help influence us. Just last week we had a group of several people from the housing counseling industry as part of our Homeownership Education Working Group. And as part of that, it was just a fantastic engagement. So if anyone's on this call that was on that, thank you. I mean, it was just a really great engagement.

We talked a little bit about our homeownership education course HomeView, but also talked about some of the industry needs that we could go ahead and be more supportive on. So we take that information back to our collective teams and share that throughout.

So as we're trying to address these large issues like racial equity and getting greater homeownership for people across the spectrum, your support and feedback and engagement is critical to that.

So again, from my perspective, the housing counseling industry has been a really great partner, and I look forward to working with everyone that I possibly can now and in the future as we sort of move forward. So good. Thank you.

Karen Hoskins: Thank you. Thank you so much, Greg.

Gregory McDonald: Sure.

Karen Hoskins: And thank you to all of our panelists. Such great insights and responses. We really appreciated some wonderful ideas that they shared.

But now, we want to include our audience in this discussion. So I'd like to ask our three presenters, as well as all of our panelists, if they wouldn't mind coming back on camera, and we'll see what questions we have in our questions box for all of you. Some of the questions have already been answered. So that's great. We appreciate those who are monitoring the Q&A box.

So Marina, if we could start back on the PD&R report, there was a reference to debt composition within the report -- the findings of the report. Could you talk a little bit about what you mean by the reference to debt composition and what was included in the debt composition?

Marina Myhre: Sure, Karen. Thank you. So as I noted in the response, the -- we had two sources of data, the credit report -- the credit bureau data, as well as the long-term follow-up survey. So we have student loan debt. We have total consumer debt, which includes credit card debt as well as savings and non-housing wealth. That was from the survey.

So the debt measures come from the bureau data, and the savings and wealth measures come from the survey.

Karen Hoskins: Okay. Okay. Great. And just another follow-up question in reference to your report, Marina. Were there any observable or notable differences between the groups that selected remote services versus those who prefer in-person or who chose that in-person option?

Marina Myhre: Yeah. So there's a whole participation rate paper which our contractor Abt Associates had completed after the -- around the time of the short-term impact report. And overall, just to note, women and those with more education were more likely to participate in services overall.

But in terms of any difference between remote versus in-person, those who preferred remote were more likely to participate if they planned to spend more years living in the home, had scored better on a baseline mortgage literacy quiz, which was part of our survey -- baseline survey, or had a baseline credit score of 740 or higher, which taking into consideration, again, the comparison with the housing counseling clients that a lot of agencies see, 740 is a very high credit score. The average credit score in the study was 709, although we did have representation in the low -- the lower categories.

In terms of in-person, those at an early stage of the homebuying process at the time of enrollment were more likely to participate in in-person services, and they were more likely to complete the education -- the in-person education curriculum if on our survey they reported being pretty good at math or if they planned to purchase the home without a co-borrower. But no other larger sort of or demographic. I mean, those are things that you would only know if you surveyed your clients beforehand.

Karen Hoskins: Okay. Okay. Great. Thank you for that.

Maria, how can folks find out the specific markets where Bank of America's down payment and closing cost assistance are available?

Maria Serravalle: Great questions. So within the document that I showed, there is the down payment center. Down payment center you're able to log in and put specifically the state that you're interested in learning about, and it will give you not only the programs such as America's [inaudible] Grant or the down payment, other third parties that we work with, but the specific counties as well, too. So this way you're able to really narrow it down and see that that's a community that we currently have the grants.

Karen Hoskins: Okay. Okay. Great. Thank you.

And, Nicole, lots of folks have heard about the Neighborhood Lift program. The question is, will it be expanded? There are markets that would love for the Lift program to be available, but it hasn't been in the past. So is there any plan to expand Neighborhood Lift?

Nicole Williams: Actually, our focus has been more on expanding the markets with the dream planned home closing cost credit that I mentioned earlier. We just expanded. We had eight markets with the closing cost credit, and those are the nonrecurring closing cost credits. We just had eight markets and we expanded it to 18 and we are actually expanding to more markets between now and the end of the year.

So for those that are interested in the expansion of Neighborhood Lift, I completely hear you. I understand. But really, our focus has been more on how we expand our markets for our closing cost credit offering.

Karen Hoskins: Okay. Okay. And, Nicole, there's another question here. This one is a little bit of a challenge, but I'm going to ask and see if you have any information for this participant.

They're interested to know if Wells Fargo accepts the housing choice voucher form from housing authorities for -- that have a homeownership program. Does Wells Fargo accept that for lending purposes? This individual is saying they're trying to find more lenders who will accept those vouchers.

Nicole Williams: So I saw that question, and I know that acceptance of down payment assistance and housing vouchers vary across the country simply due to the various program guidelines.

So we'd ask that, based off that particular market, that we'd had to confirm or connect -- not confirm. I'm sorry -- connect with one of our Wells Fargo home mortgage consultants within your local region, or you can send myself an email, if you like, after this meeting, and I can try to connect you with someone in that mark- -- in your market to see if that's available.

Karen Hoskins: Okay. Thank you. Thank you for that, Nicole.

Nicole Williams: Yeah. You're welcome.

Karen Hoskins: And our time is slowly ticking, but I want to also just -- I'm going to ask this question. Perhaps Bruce and maybe Linda might also have some thoughts about this.

There was a comment in the Q&A box about fee for service models, and it was expressed that this individual is afraid that it will erode the neutral, impartial, and trusted position of a housing counselor by charging a fee for those services. However, we understand that fee for services also helps with the sustainability of housing counseling agencies.

So the question becomes how do you see the industry balancing the natural challenges of fee-based service against unbiased guidance in choosing mortgage products is the question that was posed. Any thoughts around that either from Bruce or Linda?

Bruce Dorpalen: Sure. So in the ideal world, every lender will do it, and so it's a non-issue. But in reality, we're housing counseling professionals. So there is a whole ethic around our work, which I think is been really well developed and is part of all the training that gets done. And it's that the client's interests are top of the line.

And in reality, the people who are trying to figure out the income situation are the managers, and the counselors are the ones who are really figuring out what's best for the client.

So I think there are certainly ways to manage all that, but I am less worried about that issue than I am about the financial viability of housing counseling agencies being able to maintain and grow what they're doing and to meet the market need.

Karen Hoskins: Great. Thank you.

Linda Davis-Demas: Karen?

Karen Hoskins: Linda?

Linda Davis-Demas: Yeah. If I may, Karen. So I think -- you can hear me?

Karen Hoskins: Yes.

Linda Davis-Demas: Okay. You can hear me. I think one thing to distinguish, though, is fee for service is different than outcome-based payment. So you can have a fee for service model; right? And it's for providing the service and it's not tied directly to any particular outcome. And I think that's a big distinction in terms of the neutrality that we serve as housing counselors.

Bruce mentioned the -- obviously, the ethical component as well. And I think from a counseling perspective, most of us -- and I'm not going to say everyone, 100 percent, but most counselors aren't typically focused so much on the funding source as serving a client. So in reality, you can have multiple funding sources, and it's not that there should really be a distinction between one client and another that's tied to that funding.

But I do agree with Bruce in that agencies do need to be diversified as an agency -- or as an industry to be able to sustain ourselves. We can't be dependent solely on federal funds. We've seen the impact that that has had over the industry over the course of years.

Even being solely dependent on different fee for service models, as we saw, a lot of agencies, unfortunately, were not able to sustain after NFMC. So I think it's important for agencies to continue to diversify, and fee for service is an ideal option in most cases.

Karen Hoskins: Okay. Great. Thank you. Thank you, both.

So we're just about out of our time. But, Shauna, just I'll check with you to see if there are any other questions you see that we might get a quick answer to.

Shauna LaRue-Moraille: Thanks, Karen. I really thought that the person who wrote in about engaging in rural areas -- and I know that that Terry Carr provided a nice response, but I wondered if I could draw your attention there underneath the answered questions just about -- just kind of bias.

Helping rural agencies such as theirs would go a long way in terms of bridging the equity gap between races and economic runs in communities. Do any of the panelists have anything encouraging for us aspiring counselors and nonprofits which desire to attain the housing counseling certification for certified counselors and HUD approval as well? Just any advice in rural areas making those connections?

Bruce Dorpalen: So I mean, one of the issues here is that you're isolated and there's less funding sources and we really need to make commitments to rural homeownership and rural counseling. There are some good networks, especially out in the western part of the United States. RCAC does an excellent job about supporting rural organizations, and I think there are some very good rural legal networks that can be helpful to counseling agencies.

I think it's Wells Fargo that did a commitment to do a special project in rural Alabama that really went after homeownership issues and land ownership issues.

There is room to do these things. The -- part of the question is, is how do you piece together the funding? And I would recommend going to every small lender and getting small contributions from them and you assemble that into what becomes an annual funding stream.

It is challenging because the isolation and it's really the best piece to that is to really be involved in some of the housing counseling networks that can provide support. And there's a lot more attention being paid to rural issues lately.

Terry Carr: We've also seen some agencies partner with local colleges and universities, particularly minority-serving institutions, historically black colleges, and also with the library systems as a way to make services available remotely; right? So there are definitely some novel things and innovative things that agencies are doing to try to serve those communities in a more effective manner and in a more cost-effective manner as well.

Bruce Dorpalen: And I'll just add one other quick thing, which is that, because of the people are spread apart, it become -- virtual becomes much more important, but then you have the problem of having a good signal. And so, one of the good things about the Infrastructure Bill that passed this year is that there is a deep investment in getting the improved Internet connection around the country in those places that it's not done well. And so, hopefully, that's a longer-term solution to some of these issues.

Linda Davis-Demas: And, Karen, I think it's important to note, too, there is something about leveraging -- right -- the numbers. And so, I think looking at as a rural agency or an -- a group of people looking to form a rural organization, speak to some of the intermediaries; right?

I think we can provide assistance, whether it's just technical assistance but also just a sounding board and connecting with resources because I think the -- there is power in numbers, and so there's opportunities with training but also with additional funding that may not be tied to specific grants.

David Berenbaum: Karen, if I could jump in on rural housing issues, and thank you to our panelists and respondents. What a great discussion.

Secretary Fudge at HUD has just created a Rural Prosperity Coordinating Council with a directive to all of the program offices to focus in how we can leverage our resources to reach more consumers in rural areas.

I am the Office of Housing's representative on the Council, and I look forward to engaging the counseling community in a much more robust way moving forward on rural issues. So this is an area of focus for HUD and, frankly, all of our other sister agencies, whether it be USDA Rural Housing or others that will be part of this effort across the federal government.

Karen Hoskins: Thank you, David, and thank you, Bruce and Linda and Terry for that as well. So -- and to all of you who have submitted your questions. If we didn't get your questions -- if we didn't get to ask your question live, we are -- we have folks behind the scenes that are busy creating written responses to your questions. So thank you for your input on all of that today. It's been a very rich conversation.

So as we move forward. I just want to -- if we could turn it over to David -- before we turn it over to David -- I'm sorry. Before we turn it to -- I'm going to close this out, and then I'll hand it to you, David. But again, thank you to our participants for joining the session today.

We want to direct your attention to a few resources before we transition for our closing today. We encourage you to visit the Training Digest on the HUD Exchange for all information related to training for housing counselors.

And also, specifically, want to direct your attention to the upcoming Office of Housing Counseling 2022 Community Conference, which is August 9th through 11th. There's some great sessions that are planned, and we hope to see you there. Please register for that event.

And then, finally, these are a few links to additional information that you can access. Certainly, the HUD Exchange Housing Counseling page is a wealth of information. If you have a question that's specifically to be directed to HUD or a comment, you can send it to the HUD email address at [housing.counseling@hud.gov](mailto:housing.counseling@hud.gov).

And we also want to make you aware of the recently created link to HUD approved housing counseling agencies, where you can click on a link. If you need to or your customer or anyone needs to find a HUD approved counseling agency, it's now easier than ever with a newly introduced link that you see there on the page.

So thank you, again, for your participation, to our panelists and our presenters. We thank you so much for being here.

So with that, I will turn it over to David for his final thoughts.

David Berenbaum: Karen, thank you. And as I've been listening to all of the presentations and the discussions and Q&A over the past three days of the symposia, it's really been a marvelous discussion. And as I sort of share some of my thoughts with you and takeaways, I invite you to provide additional feedback to us.

This conversation is going to continue. Expanding the access to and scale of pre-purchase counseling is one of the priorities of the Office of Housing Counseling, particularly as it connects to our racial equity initiatives and, as you heard, serving diverse markets and ensuring that we deliver culturally sensitive and linguistically appropriate services.

This conversation in particular will continue at the upcoming Housing Council Federal Advisory Committee meeting on August the 8th, where we're going to have a robust discussion and invite feedback from all of the members of our committee, as well as those who would like to give public testimony on homeownership and homeownership opportunities that the Office of Housing Counseling should be considering and focusing on.

And as you heard from Karen, we would like to invite the entire professional housing counseling community to join us at the upcoming National Community Conference during the week of August 8. Housing professionals across the nation are invited, and I think you're going to find it a very rewarding program. And frankly, many of the issues raised during Q&A today will be covered in depth at the community conference and also will be discussions on the Whova boards.

So first, let me say that I firmly believe that housing counseling -- housing counseling community is well positioned for success to expand access to the services that we provide and many of which have been presented as model programs over the past three days.

Despite the market challenges and over the past three days, we have identified a number of immediate public and private sector barriers as well as prospective solutions. We do have the means to increase access to consumers, and I trust that we can work together to take our programs to scale, to paraphrase Christine Windle earlier today, to, quote, ignite new initiatives.

Let me add to that that I also believe the use of targeted mortgage products, fee for service, and other innovative public and private sector partnerships, as well as embracing the recommendations that we've heard during this symposia, will help us address the racial homeownership gap, as well as to connect to diverse market segments. To quote Simon Griffin, outreach, outreach, outreach. But more importantly, I hope to share with you some of our plans in this space both today but more in depth at our community conference. The symposium has also offered us a forum to identify innovative ways to improve how we serve underserved communities who have historically been unjustly left out of opportunities to become homeowners. As an industry, we must dismantle systemic forms of inequity that have created this disparity not only in homeownership, but also the wealth gap that exists in our nation.

Housing counseling, of course, is not provided in a bubble. Real world issues, such as housing discrimination and inequality impact on us across all the communities we work. We need to continue to ensure that every prospective homeowner is aware of their rights and can live in the housing of their choice free from the specter of discrimination. You all know the reality that discrimination with a smile is all too prevalent or frequent in our economy, and HUD and I know all of you are committed to achieving housing equity for every home seeker and household that we work with.

Housing counseling has been proven to have a positive impact on the lives and well-being of its clients, including better outcomes in obtaining homeownership. I am grateful for each of our presenters, for the solutions, for the stories, for the presentations and problem solving, and most importantly, for the model programs that they have discussed to assist individuals in achieving the American dream of homeownership.

And I hope that all of you will consider reaching out to the mortgage originators, trade associations, to Fannie and Freddie, and other professionals in our space to explore partnering opportunities together.

Relative to the PD&R study findings, I want to again express my appreciation to my colleagues at the Office of Policy Development and Research for their collaboration with the Office of Housing Counseling and their focus on the quality and integrity of this long-term study.

Of course, the education counseling for the study were provided between 2014 and 2017, and, as Marina shared, did not capture counseling associated with down payment assistance programs. And of course, as we all know since that time, pre-purchase counseling, coaching methodologies, industry best practices, technology tools, credit counseling, and financial educational tools used by all of our HUD approved housing counseling agencies have evolved.

And of course, we are focused on providing counseling well before a consumer thinks about beginning their search or engaging with a financial services or real estate professional. But there is much we can learn from the study's findings and apply to address the barriers to homeownership. To put it another way, though the long-term study was not a study of HUD's counseling program, its findings are helpful to position us to leverage more proactive and impactful services and success.

Moving forward, we are going to continue to focus on providing culturally sensitive and linguistically appropriate services. We're going to leverage the full certification of housing counseling professionals. We'll implement innovative pre- and post-purchase counseling programs focused on demographic groups who are underserved, and we're going to partner and leverage our relationships with HBCUs and minority-serving institutions to reach an entire new group of potential homeowners.

As well, I'm looking forward to sharing more details with you about a planned, comprehensive national social media and outreach campaign that will include grassroots elements to work with each of our organization so that we can touch and counsel and support the next generation of homeowners and, of course, embrace the new modalities and technologies for providing high impact counseling services.

I took note that on the Q&A boards there were questions about future delivery of services, remote versus in-person. And as you heard, the study documented the fact that telephonic, as well as face-to-face counseling, were equally productive. And we know from our collective experience during the pandemic that face-to-face, that virtual, using Zoom or other tools, that telephonic, or a mix of all of those tools are having great impact, so long as the quality of our work is ensured.

So moving forward, we are looking at rulemaking to modernize our rules. Stay tuned for more detail on that. This was a discussion at our last Federal Housing Counseling Advisory Committee. And in that rulemaking, we're also looking at ways to broaden our impact as well to serve tribal and rural and other communities. So stay tuned for more information. We're very excited about our work in this space to modernize some of our rules and programs since the office was stood up almost a decade ago. So you can tell there's collective pride both at the Office of Housing Counseling and I know amongst all of you for the progress that we have made thus far. We recognize that there's truly more that, as an industry, we can do to increase access to homeownership.

And in closing, we look forward to accomplishing this goal with each of you. In the coming months, we'll be speaking to you more about, again, the outreach campaign and how we can augment support for culturally sensitive and linguistically appropriate services.

And until then, we do want to hear from you about the pertinent programs you would like us to be considering. And as well, we look forward to engaging with you not only via Teams and Zoom but in person, at your local meetings, at conferences, and in your own offices providing technical assistance to expand access to our services.

Thank you, everyone, and we'll be speaking with you in the near future again. Take care.

(END)