

Office of Housing Counseling

Increasing Access to Pre-purchase Housing Counseling Symposium

Scaling Pre-Purchase - Day 1

David Berenbaum: Welcome and thank you for joining us today for the HUD Office of Housing Counseling and Office of Policy Development and Research Increasing Access to Pre-Purchase Housing Counseling Symposium.

I'm excited that over the next three days we'll be discussing ways we can partner together to promote and increase access to pre-purchase counseling and take our homeownership programs to scale.

This is particularly noteworthy as Secretary Fudge and all of HUD's professional staff during the month of July are recognizing the importance of achieving diversity, equity, inclusion, and accessibility across all of our initiatives to ensure HUD's impact working with you on a community level.

Housing counseling is playing a growing and critical part in HUD strategic plan goals to achieve equity in housing and bridge the homeownership gap to ensure that individuals and families have the knowledge they need to obtain, sustain, and improve their housing situation as well as their overall financial health through our partnership with you, our network of approved housing counseling agencies and HUD certified housing counselors.

Housing counseling is an important -- is more important now than it has ever been. Consumers are seeking help from housing counseling agencies as they seek to become homeowners and create generational wealth for their families.

Despite the challenges in the marketplace, which you know well includes affordability, seeking down payment assistance, and of course, recovering from the financial challenges of the pandemic, as well as overcoming the specter of housing discrimination, our clients nationwide are seeking HUD approved pre- and post-purchase housing counseling and related to online and group homeownership education and information at unprecedented levels.

Historically low interest rates have been part of the equation, but underlying it is the recognition and pride of realizing the "dream" of owning one's home in the community of one's choice.

To help the next generation of homebuyers and renters make the financial decisions that are right for them, it is vital that we as an industry strategize and find ways to promote racial equity, bridge the homeownership gap, and ensure sustainable homeownership.

Currently, 55 percent of the households who receive HUD approved pre-purchase housing counseling direct services are black and Latinx. Another 5 percent are Native American and Asian American or Pacific Islander. Last year, according to recent HUD 9902 data, over 300,000 households participated in either group homebuyer education or one-on-one counseling.

The public and private sector sees the value in what our industry offers, and it's up to us to find creative ways to increase access so that we can serve even more consumers. It is my hope and,

frankly, a challenge to all of us that we can increase our number served to over 500,000 consumers over the next 18 months.

What does this take to scale pre- -- what does it take to scale pre-purchase counseling? How can we move towards ensuring everyone has access to pre-purchase counseling, especially in diverse markets and low- to moderate-income communities?

In today's session, you will hear about some of the critical elements of building a pre-purchase housing counseling program and some novel approaches to implement fee for service approaches to reimbursements.

I hope that you will also take the time to attend all three days of this symposium. Each day, critical new information and resources will be shared with you, including the importance and impact of pre-purchase housing counseling and homebuyer education, not only from the counseling community but from lenders, housing counseling agencies, intermediaries, and other quasi-governmental agencies.

The findings from a recent pre-purchase housing counseling racial equity survey and listening session conducted by the Office of Housing Counseling with support from the HUD Management Development Program will also be shared with you.

I want to do a special shout out and thank you to each of the counseling agencies who participated in the survey, as well as the listening sessions that took place to follow up on the survey. Your recommendations and ideation regarding programs, culturally sensitive and linguistically appropriate services are being acted upon and were heard by the Office of Housing Counseling.

And significantly, tomorrow, or Thursday, the Office of Policy Development and Research will present the findings and recommendations from the first-time homebuyer education and counseling demonstration. This is a must attend session, as research can inform the actions we take and initiative we focus on. Again, that will be on Thursday afternoon. The study itself will be posted on the HUD website tomorrow midday.

And of course, new HUD counseling and GSE initiatives related to racial equity and homebuying will be discussed throughout the program.

It's now my pleasure to introduce both our Assistant Secretary for Housing and FHA Commissioner Julia Gordon, and Todd Richardson, who is the General Deputy Assistant Secretary for the HUD Office of Policy Development and Research, who will kick off today's program with opening remarks.

I think everyone knows Julia very well, and she brings to HUD more than 30 years of experience in housing finance, policy, and advocacy in both the public and private sectors. Throughout her career, Ms. Gordon has been both a strong advocate for hands-on practitioners working to achieve equal justice, fairness and equity in housing, and consumer protections.

Todd manages HUD's research division of approximately 160 staff that produce national surveys, conducted manage research and program evaluations, and developed program parameter data to support HUD's major initiatives.

A fun fact for all of you. Back in the 1990s, Todd worked at a HUD approved housing counseling agency in Saginaw, Michigan, and for more than 15 years has worked closely with HUD's research staff and contractors to conduct research and support understanding and improving housing counseling supported by HUD as an agency.

And now, Julia, let me turn it over to you. Thanks for joining us today.

Julia Gordon: Thank you so much, David, and I apologize for -- I don't see myself on camera. I'm not sure if you guys see me on camera. I hope you do.

Thank you so much to David, to the Office of Housing Counseling, and to the Office of Policy Development and Research for holding this event and for inviting me to speak to you today.

So, as many of you, if not all of you, know, I am still fairly new here at HUD, having arrived about two months ago after waiting about ten months to be confirmed to the position. So, I am just getting to the part of the job where I know where the bathrooms are and where to buy food, and I'm slowly figuring out where everybody is in the building when they are in the building.

But even though I am new to HUD, I am not new to the work of housing counseling. I'm delighted to see a number of friends here on the panels and I'm sure many of you out there in the audience. I sure wish we could be in person, which would I know be a much more energetic thing to do. And I have been working with the housing counseling community really my whole career.

I started my career as an attorney in legal aid. And, of course, in most places, legal aid and housing counseling work very closely together, if they're not actually situated in the same program. So, I have known of the work, the importance, and the effectiveness of housing counseling for a very long time.

As I've -- as my career has focused more on mortgage, which began right before the financial crisis in 2008, because timing is everything, since I've been focused more on mortgage, I have come to learn even more about the role of housing counseling.

And that includes not just housing counseling for foreclosure prevention, which was where I first encountered the work of counselors, but also in pre-purchase counseling and especially the idea of working with a client through their purchase of their home until after the purchase of their home.

Housing counseling is particularly critical for increasing homeownership opportunities for traditionally underserved communities. That's people of color, tribal members, people who live in low-income areas, people who are potentially first-generation homeowners, which, by the way, I am in that last category.

So, without you, all the other work that we do here at the Office of Housing to increase opportunities for home ownership would not be remotely as effective. So, I just thank you so much for everything that I'm doing. I mean, for everything that you're doing.

So, to give you -- to sort of open the aperture a little bit and pull back and tell you more about where your work fits into what I am doing with the Office of Housing as a whole, we are pursuing essentially the same strategic plan as the rest of HUD and really the rest of the Biden-Harris administration.

We're supporting underserved communities. We're ensuring access to and hoping to increase the production of affordable housing. We're promoting homeownership. We're advancing sustainable communities. And last but not least, for someone in my job, we're strengthening HUD's internal capacity to work on all of these things.

There's a certain part of the job that I have that, frankly, isn't that glamorous. It's concerned maybe a little less with brand visions than with the nuts and bolts of staffing and procurement and modernizing IT systems that were built when I was still in college.

But that said, I see -- I came here and I see my role here as making sure the Office of Housing as a whole centers the needs of the individuals, families, and communities that we are serving, as opposed to centering the needs of the financial health of our fund or anything else like that. We are here for a very important mission focused purpose, and that is the purpose that I really hope to move forward during however long I have.

I will close by sharing one of my favorite quotes. It's from one of those old Jewish compilations of wisdom from many years ago called "The Ethics of Our Fathers." There is a phrase in there that says, "It is not upon us to complete the task, but neither are we free to desist from it." That is, let's just all go out, do as much as we can, advance the ball together, and I know that will constitute success.

So, thank you, again, for having me here today. I look forward to being able to stay on for a while and enjoy some of the presentations. And I'll turn it over now to Todd Richardson.

Todd Richardson: I am very excited about this symposium. Thank you to Commissioner Gordon and David for hosting this important discussion.

The Research Office at HUD has worked closely with the housing counseling team for decades. If you search on HUDuser.gov, there are several studies from the 1970s on HUD's housing counseling programs, including an attempt to do an impact study of pre-purchase housing counseling in 1978.

The 1978 study failed because of problems with random assignment. Nonetheless, the research we did at that time offers a snapshot of how housing counseling was done in 1978.

For those of you who are interested to see how counseling in 2022 compares to counseling in 1978, you can go on HUD User. We have a scanned copy of the curriculum manual for counselors for this long-ago attempted demonstration.

After the failed 1978 study, however, we had a long pause in housing counseling research until the mid-2000s, when we once again collaborated with the Office of Housing Counseling on our next generation of research, which began with a 2008 report titled "The State of the Housing Counseling Industry."

This study documents the diversity of this industry, and it is a very diverse industry. That descriptive report was followed by two outcome studies in 2012, looking at the two big questions of the post-2009 foreclosure crisis.

Question one, with so many borrowers facing foreclosure, what happened to folks getting foreclosure prevention counseling? The answer from that study was that about 50 percent -- 56 percent of those counseled were able to become current on their mortgage.

Question two, with a very tight credit box for first-time homebuyers, where folks that were getting pre-purchase counseling ultimately buying homes? At that time in 2012 and in the period right before 2012, 35 percent bought a home with 18 months of counseling.

So, now, it's important to know that those were outcome studies and are different from an impact study. Outcome studies will [inaudible] this person did this, and then that happened. It may look causal but the second event may have happened without the first and we can't tell.

An impact study, however, is set up to be sure that the relationship is causal by randomly assigning intervention or no intervention among folks who want the service. This is what drug or vaccine trials are doing. Impact studies are much harder to do.

Our big next step after those outcome studies in 2012 was to set up a random assignment study of the offer of pre-purchase housing counseling versus no counseling. This is the study we tried and failed to do in 1978. This time, however, was different. This time we succeeded.

Between 2013 and 2016, we successfully randomly assigned 5,800 individuals in 28 metropolitan areas into two treatment groups and one control group. Now, we have a causal study on pre-purchase counseling.

So, Marina Myhre from HUD's Research Office will be presenting the latest results from this important study on Thursday afternoon, as David mentioned. She'll explain how this is a different study of counseling than what many of you are actually doing on a daily basis. This was an impact study, a what if study on offering counseling to folks as they sought information on getting a loan from a big national lender?

Many of your counseling is for folks who are seeking down payment assistance or are earlier in the home buying process than this study includes. It's a different clientele. Nonetheless, there are lessons we've learned as part of this big study.

So, we will be posting this study on HUD User on Wednesday if you want to get a sneak peek. However, to whet your appetite, I leave you with this teaser. So, there is a saying, no story without a statistic. No statistic without a story. This study provides some statistics that need some stories.

Now, as David mentioned, I worked for a small nonprofit in the 1990s that did housing counseling. To this day, more than 20 years later, I still tell stories based on that work. So, I know that every day many of you are experiencing and hearing the stories of individuals you educate and counsel. After you hear Marina's report out on the statistics from our big study, think about what your stories can tell us about those statistics, give some meaning to those statistics.

So, with that teaser I will now turn the show over to Sid Alvarado, and I'll put some of the links that I mentioned for the studies in the chat.

Sid Alvarado: Thank you so much, Todd. Hello everyone. My name is Sid Alvarado with ICF, technical assistance provider to HUD's Office of Housing Counseling. I'll be your moderator for today's symposium.

We're excited that you are joining us today for the kickoff of this information filled three-day symposium focused on increasing access to pre-purchase counseling. We hope the information and resources provided will help you empower the consumers you serve to accomplish the goal of homeownership.

As housing counselors and industry partners, it is our desire that homeownership is within reach for everyone. As a fellow housing counselor, like many of you, I've celebrated with a number of my clients at the closing table. And so, I understand that homeownership is not only about having a place you can call home, but it is also an important asset and wealth building tool for so many families.

During today's symposium, you will hear from the Federal Housing Finance Agency, Fannie Mae, UnidosUS, National Foundation for Credit Counseling, and California Housing Finance Agency. Discussion will begin with showing the wonderful work at the national level and will progress to highlighting great work being done on a local level. So, from macro to micro.

We will hear on topics such as down payment assistance, fee for service pilot projects, and an update on the GSE Equitable Housing Plans. Following our presentations, there will be an opportunity for Q&A. Don't hesitate to type your questions in the Q&A box while it is top of mind, and as time allows, we will answer your question.

We hope that you're also able to join us for the symposium we have scheduled for tomorrow and Thursday. You will need to register for each of those individually. We will provide additional information on those in the chat box and at the end of today's presentations.

And now, that I provided a glimpse of what you are in store for today, let's hear more about our presenters.

Leda Bloomfield is a branch chief in the Office of Fair Lending and Oversight at the Federal Housing Finance Agency. Leda oversees and develops policy for the secondary mortgage market to ensure that all applicants and borrowers are treated equitably regardless of race, gender, or age.

Leda has worked on efforts to respond to the COVID-19 pandemic, create a responsible capital framework for Fannie Mae and Freddie Mac, and address equity in the market through the Equitable Housing Finance Plan program. She is also a proud HUD alum.

Greg McDonald is an adviser of affordable lending and housing equity at Fannie Mae. Fannie Mae is one of the national government-sponsored entities doing lending across the country. Greg is a former private lender, insurance provider, and a homebuyer education advocate.

Lot Diaz is the vice president of housing and financial empowerment at UnidosUS. Unidos is a national intermediary overseeing a network of housing counseling agencies. UnidosUS is the largest national Hispanic civil rights and advocacy organization in the U.S.

Hermond Palmer is the vice president for outreach and inclusion at the National Foundation for Credit Counseling. Hermond is a classically trained marketer. He has been developing marketing, business development, and multicultural engagement strategies and programs for over 25 years. Hermond earned an MBA from the Wharton School of Business and a Bachelor of Arts Degree in Economics from the University of Pennsylvania.

Eric Johnson is the information officer at the California Housing Finance Agency. Eric has worked in affordable housing for 18 years and is passionate about the importance of communicating with the people who have been most impacted by unfair, unjust, and discriminatory practices in the housing industry. Eric considers himself to speak enough Spanish to be dangerous and really enjoys his job.

Now that I've introduced our presenters, I'm going to hand it over to Leda to get us started.

Leda Bloomfield: Thank you so much, Sid. I also want to thank David and his team at the HUD's Office of Housing Counseling for the kind invitation to speak with you today.

As Sid mentioned, my name is Leda Bloomfield, and I lead the policy branch at FHFA's Office of Fair Lending Oversight. For those of you who may not be familiar with us, FHFA is a regulator of Fannie Mae, Freddie Mac, as well as the 11 federal home loan banks across the country.

Before I started working at FHFA, I wasn't really aware of how they operated in the mortgage market and how deeply our regulated entities influence the homebuying process. Today, Fannie Mae and Freddie Mac practice standard sitters in the market by outlining what mortgages they will purchase from banks and other lenders.

Lenders then sell those mortgages to Fannie and Freddie to receive money to fund more mortgages. By selling the mortgages to Fannie, Freddie, and others, they create liquidity in the market, which allows lenders to offer a low down payment 30-year self-amortizing mortgages.

These government sponsored enterprises provide more than \$7 trillion in funding for the U.S. mortgage markets and financial institutions. Together, Fannie and Freddie own or back over just -- just over half of America's mortgages and single and multi-family homes. So, while we may be a relatively obscure agency, we have a big job.

The Office of Fair Lending Oversight, where I work, is responsible for fair lending supervision of Fannie and Freddie and for equity policy at the agency. Recently, Fannie and Freddie released the first ever equitable housing finance plans. This was done in response to FHFA's call last year to develop these plans to address long-standing disparities in the conventional housing finance market. I think we can go to the next slide.

No matter what we look like or where we live, most of us want quality, affordable housing for our families and to live in strong, vibrant neighborhoods. We must acknowledge that in the past, the government, the real estate industry, and the financial industry prevented many families from achieving these things through discrimination and explicit redlining.

These practices divided our neighborhoods along racial lines and stacked the deck in favor of certain zip codes. During the housing crisis, we saw that many of these neighborhoods were targeted with predatory and unsustainable lending products. Sadly, in the aftermath of the housing crisis, some have continued to point the finger at the victims of this practices and called them the cause.

This legacy of division has made those same neighborhoods and others throughout our country vulnerable to new practices which further undermine them, investors crowding out home buyers and affordable housing supply, exotic products like contract for deed, rent to own. This legacy is continuing to prevent communities of color and white families from achieving homeownership and passing generational wealth to their children so they can all pursue their dreams.

So, the goals of the Equitable Housing Finance Plan Program, simply put, are to ensure that all borrowers and renters, including those in underserved communities, have access to safe, decent, and affordable housing opportunities. This, in turn, supports strong neighborhoods and a strong housing finance system.

Taken together, the activities in the plan strive to empower communities with financial education, affordable multifamily housing, increased tenant protections, and reduced financial costs. The plans recognize that unsustainable credit is not equitable credit. The activities are focused on removing unnecessary barriers and using technology to identify ways to responsibly serve more borrowers without weakening credit standards that put a family's home, often its largest source of wealth, at risk. Next slide, please.

So, I'm going to get into some details in a second. But I just wanted to first take a step back and really go over what we asked them to do.

So, we asked the enterprises to develop three-year plans focusing on equity. So, FHFA has similar programs like [inaudible] Serve and the Affordable Housing Goals, I'm sure many of you are familiar with. But these programs do not focus on the barriers to fair housing that some communities face. We wanted a program to close that gap.

The plans were required to analyze barriers experienced by underserved communities. Fannie Mae chose to focus on black homeowners and renters for their first plan, and Freddie Mac chose to focus on black and Latino communities. In future plans, we expect the enterprise will address the barriers faced by other communities.

Each plan identifies the barriers that they have -- these communities have historically faced that contribute to lower homeownership rates and challenges in conventional financing market. Both plans include an extensive discussion of the research on these topic, as well as survey data and ethnographic interviews with aspiring and current homeowners.

This groundbreaking and systematic approach to identifying the problem helps us to craft better solutions.

Importantly, while the plans focus on the barriers faced by particular communities, we know that these barriers are not exclusive to those communities. And so, the plan activities and programs benefit everyone. So, I wanted to briefly highlight some of the early accomplishments we've seen as part of the initial plan implementation. Next slide.

I know after my presentation, a Fannie Mae representative will speak more in depth about some of the activities Fannie is pursuing. So, I won't go too much into depth right now, but I'm just going to do some highlights first starting with Freddie Mac.

So, already, since they've started implementing the plan, they've had much success in credit building. Over 76,000 multifamily residents have been able to get their on-time rental payments put on their credit report. We know how important that is for establishing credit. So, we've seen over 13,000 credit scores have been established where a renter might not have one at all before. And 71 percent of renters participating in the program saw an increase in their credit score of 41 points on average.

Freddie Mac is also developing a down payment assistance tool to help better connect borrowers, DPA providers, lenders, and housing counselors and to facilitate information sharing. We've already added 160 DPA programs and are continuing to add more. As part of this program, they will be conducting outreach to key partners serving black and Latino communities.

Finally, I wanted to highlight Freddie Mac's efforts on appraisal bias. We published a research note on the appraisal gap analysis that found that even when we control for key factors that are the same, such as the condition of the house, density, other factors that we get on the appraisal forms, we still see significant outcomes in black and Latino neighborhoods compared to homes in white neighborhoods. Really looking to, now that we've identified, figure out how we can close those disparities in collaboration with our federal partners including HUD. Next slide.

And then briefly on the Fannie Mae, they're looking to develop a special purpose credit program to target communities where there are black residents, supply, affordability, and really looking to provide a solution that scalable and reduce barriers that black consumers face.

For consumer education, they've launched HomeView, a new free education platform, earlier this year. Almost 100,000 families have had access to reliable, accurate financial education.

For positive rental payment history, both enterprises have recently incorporated positive rental payment into underwriting. Fannie Mae has seen the results of their efforts during [inaudible]. 2,325 families have been approved for a mortgage who otherwise wouldn't have due to the inclusion of their rental payment history. And they're also looking to diversify the pipeline. Next slide.

So, we hope these common-sense solutions will jumpstart a new generation of homeownership and help us preserve strong neighborhoods and a really strong housing finance system for years to come. Next slide.

So, we also announced this year that the supplemental consumer information form will now be a mandatory part of the application process for loans sold to Fannie and Freddie. This form collects information from borrowers about language preference, homebuyer education, and housing counseling so lenders and servicers can better understand and respond to borrowers' needs throughout the loan lifecycle.

I know that housing counseling community has provided critical feedback to FHFA on the design of the SCIF form to capture key information on housing counseling and homeownership education activities. We're really looking forward to being able to analyze that data that we received to gain new insights into how we can best and most effectively deliver housing counseling and to have additional evidence to show how housing counseling really makes a difference in a family's ability to be in a sustainable mortgage product.

Buying a home is complicated and is, for most people, the largest investment you will make. It's critical that everyone fully understands how their mortgage works and what their rights and options are.

When it comes to this significant of a financial decision, we all really want to know the nitty gritty details, just have a sense of what the legal documents say. So, I think it's so important that housing counselors be available all steps of the process from pre-purchase to even just when you're in a home, maintaining and being able to sustain homeownership, I think is really critical.

So, at FHFA, I also wanted to talk a little bit about how our thinking and maturing work that we began last year on climate change impacts consumers, particularly consumers in vulnerable communities. I think you can move forward on the slides too.

So, while investors on Wall Street have access to fancy models that measure the risk and the likely severity of extreme weather events and the impacts of natural disasters, we acknowledge

that there is a significant information gap with consumers. This asymmetry, one side having access to information resources, one side not, needs to be addressed.

We see housing counselors as being a key part of this -- of the solution. Today, consumers are dealing with the rising cost of utilities coupled with longer, hotter summers that put considerable strain on the energy grid, and, most importantly, a family's budget.

For those living in areas of persistent flooding, we know these costs can be tremendous shocks to a household budget and that the cost of insurance sometimes, rather than rising bit by bit every year in a predictable way, can rise exponentially.

It is important to FHFA that consumers have the information they need to understand how climate change will impact their housing expenses and that they have the resources and knowledge to weather any storm. We've begun thinking through these issues with the GSEs. I look forward to hearing more from the housing counseling community on how we can best address these pressing risks.

We also know that housing counseling should not be limited to the time just before origination. We're thinking more expansively about housing counseling to encompass the provision of quality, straightforward advice, and coaching to clients to become mortgage ready and then following origination, how can we build on the existing model to engage housing counselors and coaches when the borrower becomes distressed or is looking to refinance or just move?

I think the entire industry is paying more attention to how housing counseling is a critical part of consumer education throughout the mortgage cycle. So, we look forward to continuing partnerships with HUD's Office of Housing Counseling, counseling agencies like you, and other organizations to advance tenant knowledge and sustainability.

At FHFA, we're really proud of our record on strengthening fair lending and advancing equity, but we know our work is never done. We are working tirelessly to find opportunities to advance sustainable, equitable, affordable housing and then make those opportunities a reality. Next slide.

Whether you're a renter or a homeowner -- oh, let me just -- sorry. I skipped a part.

We also have the mortgage translations. So, next slide.

So, we know that many housing counseling services offer language assistance and resources in a variety of language because we know having those terms written down in preferred language doesn't mean you understand what they mean. And we often use family translators who may not have a firm grasp of financial legal terms.

So, on the Mortgage Translations website, FHFA, together with Fannie and Freddie, have published translated documents, both the legal documents and informational booklets and things to help borrowers prepare in a language that's comfortable for them. Okay. Next slide.

So, whether you're a renter or a homeowner or an aspiring homeowner, we believe Americans deserve a housing finance system that is fair, affordable, and provides equitable access for everyone.

So, thank you so much for the opportunity to speak with you today. I know I have a lot to learn, and so I'm looking forward to future collaboration with the housing counseling community. And with that, I'm delighted to turn it over to Gregory McDonald from Fannie Mae. He's going to provide a deeper dive into the work I previewed just now. Thank you.

Gregory McDonald: Thank you, Leda. I appreciate that. And again, thank you to HUD for putting on this symposium, and thank you, guys, for taking the time to join us today. So, really appreciate that. So, go to the next slide.

So, yeah. First of all, as everyone knows, I think Fannie Mae is obviously committed to equitable and sustainable homeownership for everyone. We believe education and counseling are important tools to help develop mortgage-ready individuals and really better prepare them as they move along sort of the housing journey.

So, our goal in the long run, again, is to help people build wealth and bridge that racial equity through homeownership and through affordable housing. And I think everyone attending the symposium here plays a key role in that process. So, again, thank you to everyone here. Next slide.

So, as Leda mentioned, we came out with our three-year equitable housing finance plan in June, just last month, and I'll touch base on a couple of those little things in this call.

The first thing here that we have in our plan is we created this housing journey here that really identifies the stages that all homeowners or renters experience, and especially in our housing plan, we focused on the obstacles of people of color, especially blacks faced during this housing journey here.

The journey begins in the stage one on housing preparation, and that's where individuals can really be influenced by education and personal experience, and that's often where people turn to their friends and families with questions. And that advice that they get in that early stage can vary widely, depending on the friends and families' experience. Did they have a good experience or a bad experience?

They used to always say, if someone has a good experience, they tell five people. If they have a bad experience, they tell ten people. So, it's really, really important to get good quality education and counseling as early as possible in the journey to go ahead and help resolve some of those experience differences and give them the right kind of exposure to the facts that they need when they're deciding whether they want to go down the renting path or buying path or maybe they just decide that neither is right for them at that time.

So, that's really the importance of getting the message out there as early as possible. So -- and that's where I think, again, we feel that we can have the greatest impact by introducing that as early as possible.

So, as we did with the -- with our three-year plan, we looked at sort of the differences between black consumers as they went down the housing journey, and I think we identified some very key obstacles that they face that are really unique to them.

The first, as renters, they spend a greater percentage of their income on housing costs. Okay. So, be it for rent or for their mortgage. That leaves them with less savings. Having less savings translates into less money for down payments or security deposits. Compounding the problem is, on average, blacks have a lower credit score or they have lack of established or traditional credit.

And not surprising that when you're able to buy a house and you don't have as much savings, they have less money available to maintain the property in the long run and survive any crisis that might occur while they are in their home. So, just compounding the problem. So, we can go to the next slide.

Real quickly, I'll go through this. Again, our three-year equitable housing finance plan was designed really to knock down those barriers that I just identified or talked about as blacks seek affordable, quality housing.

In there we have 17 action items designed to enhance homebuying education, credit eligibility, and housing stability. In addition, we're creating those special purpose credit programs really to serve specific areas of need and opportunity. It's a fantastic program. I'm not going to go into it much more than that, but if you get a chance to read our plan, we've just got some great things that -- great work that's being done around that. Very proud of all that work.

Also, the plan contains three focus areas, the first of which is housing preparation, which promotes building credit and access to early financial education. And the second, helping individuals overcome barriers when shopping for or acquiring affordable housing, regardless if they're buying or renting. And the third is to support efforts to make moving in and maintaining a home easier for individuals.

And again, we expect to see some great results over the next three years as we go ahead and implement this. And pre-purchase education and counseling are a key part of all of that work. So, looking forward to that. Next slide.

So, in addition to our three-year equitable housing finance plan, we've done some other things that really impact this room in particular. First thing that we did in January, we modified our selling guide, and that modification opened up what was acceptable to satisfy our loan requirements for homebuyer education to allow for housing counseling at all stages, whereas before it was really focused on prior to signing a sales contract.

We also opened it up to other homebuyer education providers, in addition to launching our own course. We felt the importance of that was there isn't one type of education that fits all needs, and

we felt that giving consumers greater choice was an important step in the right direction towards giving them the resources they need to have successful homeownership journey.

So, the big thing that we -- the other thing is we touched on a little bit earlier. In January, we launched our own homebuyer education course called HomeView. And in that course, even though it's our own online course, we talk many, many times over about the importance and the benefit of housing counseling and why it might be a good fit for an individual, even though they're taking our own course.

I think over a dozen times we referenced housing counseling with links on where someone taking our own course could actually reach out and find housing counselor in their area. So, hopefully, that has a great impact on everyone in this room where we're encouraging people to actually seek out housing counseling.

The other thing that's nice about HomeView, it's a free online homebuyer education course. It's available in English and Spanish, and we encourage you, if you have a need to go ahead and offer something as a supplement to the work that you guys are doing with your clients, to use HomeView as that resource. You can use it for free, and it's a great tool. So, if you haven't had a chance to check it out, please do.

The other body of work that we've had ongoing since 2016 is we've always, since 2016, incentivized consumers who want housing counseling to get it prior to signing a sales contract. We have an LLPA, as we refer to it, a loan level price adjustment, where we're paying out millions of dollars to go ahead and encourage this kind of behavior. We think that we can do even more in that space. So, we're always looking at ways to improve that.

One of the things that we're doing and one of the reasons we know that we're going to go ahead and make changes in the long run to go ahead and support that even more is we've continued this industry outreach to the housing counseling agency. Last year as we were building out HomeView, we really engaged on a different level, I feel, with the housing counseling industry in general and pulled together a working group.

And that working group was really critical in helping us identify key topics to cover within the HomeView course but also other topics that were important and issues that you as an industry were facing that we could help educate people as they go along their housing journey.

In fact, that body of work was so great, we just had our -- another meeting with the group last week, again, to help us identify even more ways that we can support the housing counseling industry as a whole. So, it was a great dialog, and the feedback that we got was invaluable. And I can tell you as being a part of that working group, that feedback is going to go ahead and make big changes on the direction that we take to support the industry.

So, we're going to do more. We want to do more. We look forward to building an even closer partnership with the housing counseling industry as we try to tackle some of the biggest challenges people face on their path to homeownership.

So, with that, thank you very much. And with that, I'll turn it over to Lot Diaz at UnidosUS.

Lautaro Diaz: Hello. Can you hear me now? Hopefully. Hi. My name is Lot Diaz. I'm with UnidosUS. We are happy pleasure speaking at the symposium today. Scaling housing counseling services has been a focus of our work for many years, and so, having a chance to address it here in the context of pre-purchase counseling is exciting.

As -- we are a HUD housing counseling intermediary and have been for over 20 years. And we, like many of you, recognize that building [inaudible] LMI communities is always difficult. And homeownership, like with most Americans, needs to play a central role.

Greg's comments on the role of housing counseling education plan was timely, but I always like to start with a few words on housing counseling and its value and how it does -- many of you know this but there's -- not everybody on the -- on these events understands the purpose and role.

It -- housing counseling has little or no cost. They create advocates to help motivate individuals navigate really complicated mortgage readiness and home buying process -- homebuyer process, particularly in the market that we are today.

They also, through their journey, remind clients in a consistent interval about what needs to be done to achieve that goal. They provide access to community services that might be appropriate to support their journey toward homeownership. Over time, they help a client develop the confidence that their goal is achievable, and sometimes that can be a very long time. And -- but they do it with the ability to really navigate the process effectively.

In the best situations, to support is provided in client's preferred language and with counselors who have a good understanding of the cultural idiosyncrasies that can impact preparing for homeownership.

And lastly, the point I make is many down payment assistance providers, whether they be governmental, state, local, or federal or through private lenders, will offer down payment assistance many times partnered through housing counseling agencies.

Scaling. What's scaling? What does it mean to your organization is critical? I think that is an important question. So, for UnidosUS, through the network -- through the -- through our network and outreach, getting as many individuals into the journey of homeownership has always been a really critical part of our mission.

To our local agencies, scaling has a different -- may have a different meaning depending on the needs to address -- that they seek to address in their community. But at minimum, scaling means providing services to as many individuals, given the amount of resources that are available to you.

As a HUD intermediary, we consistently look for both resources and to share practices that increase our local partners' capacity to to serve their community. Once -- once scaling is to your

local agencies, other factors become critical. The most common one is funding sources for the program have to be addressed to determine how much scaling of service is possible.

Secondly, how the agency designs or adjust their programs is essential. And we really focus on kind of three factors, staff roles an agency creates for their counseling program, the way -- secondly, the way -- so, the way the agency sequences education and counseling services they provide, and last but not least, how they integrate Internet technology and database technology to serve their client.

I will touch a few of these just below. You can go to the next slide, I think the one on the HP -- the OCC partnership. My slide is not showing. So, it's hard for me to see.

To highlight one example of an effort to build scaling capacity, there's a program -- pilot program developed called HPII, and that is -- and that's now being kind of test considered through the OCC Project Reach effort. HPII seeks to integrate much more efficiently the services provided by housing counseling agencies with mortgage origination -- the mortgage origination processes of partner lenders, and it has some key factors, a few that I'll mention or that are seen on the slide, if it's up.

It seeks to standardize the services HCAs provide that a lender -- that a lender can predict that they would receive during a partnership. The counseling services are sequenced to make the mortgage origination and loan processes of the client faster -- I'm sorry -- make the mortgage origination processing of applicants faster, and lead to more successful borrowers with partner lenders.

It has a fee for service component for approved borrowers to provide new funding sources -- and to provide new funding sources for pre-purchase counseling agencies. It also tracks many data points to really understand the value proposition through these partnerships, as well as allow the model to be adjusted over the 18-month life of this project.

The next slide, which provides an outline of the HPII program, and this is not final. It's still being developed. It's -- we're discussing it with the OCC group at this point. So, I'll leave it as it is, but the only thing I would point out here is the role of the intermediary in the project.

We want to assess the value of intermediary services, which I'll just summarize as the value of providing access to training, particularly related to the HPII process. It's a little different. The value of facilitating partnership development with lenders in many markets, and to facilitate fee for service payment process to reduce both the complexity and cost to all partners. And lastly, to collect critical data to analyze the impact and improve the process.

The next slide, slide four, shows a new strategy that we put in as an example of how we are looking at scaling. So, when UnidosUS developed a facility -- a new program, a call center to complement our counseling network, we called it UnidosUS Counseling Connection or the UCC. And I mentioned it to provide one example of how agencies address scaling work.

We developed a counseling call center with intake and counseling staff to partner with our interested local affiliates to provide the services on a fee for service basis. The goal is to create a new revenue stream for our network, using the time and effort of local affiliate counseling staffs.

It provides an extended -- it provides extended hours and call center technology to provide an efficient manner to connect investors interested in accessing counseling services with the local services or remote services to their customer.

We hope the approach will greatly expand access to pre-purchase counseling and provide a new way for partners, industry partners, and housing counseling agencies to connect and support many of them. Many lenders have customers they can't serve. For instance, a large focus of the OCC work was on denials, those who submit applications but cannot meet the credit box. And so -- but to a housing counseling agency, that can be a very motivated buyer.

So, we wanted to connect those pieces, and part of it is that the way that's done is not only forming a partnership with an agency but having an effective mode in which the information exchange and communication between HCA and lenders efficient and really makes the lender -- the borrower or the client's experience much easier and builds on each other rather than being duplicative, which has been my experience with processes in the past.

This last view of the UCC work really is -- kind of puts it in -- this last slide, puts it into a different view where you see the types of services that are offered and what they're -- what we're trying to achieve through those various modes of -- various services that are provided through the slide.

I'll end with -- by saying that it's -- the scaling of services in the housing counseling field is -- has always been a difficult thing. Finding a revenue stream consistent enough to allow investment into scaling work has been always a struggle. Finding new modes and methods in which we can effectively reach clients where they need to in languages and venues in which they want is an evolving situation. And I think it's a -- it creates a big opportunity for us to be -- counseling agencies more impactful going forward.

But certain things have to occur for that to happen, and I think part of the OCC -- the fee for service partnership is a way to create a revenue stream that allows more of the work to be scaled. We've done several of them in the past. The one in the housing partnership integration -- homeownership partnership integration initiative has been probably the most extensive that we've done trying to connect all the pieces. But it's a journey and not necessarily the only solution out there.

But I want to thank you for the time, and we'll pass it on to Hermond from Consumer Credit Counseling Foundation. Thank you.

Hermond Palmer: Thank you, Lot, and good afternoon, everyone. As you heard, I'm Hermond Palmer with the National Foundation for Credit Counseling. I'm going to take you through a brief overview of the NFCC's approach to fee for service and then provide an overview of some

advantages we feel we achieve through our fee for service effort and how we are looking to deploy our model.

Part of our thought process and the goals behind designing our envisioning home ownership fee for service model was to create greater access to unrestricted revenue streams. I'm sorry. Next slide. There we go.

We wanted to provide our member agencies with flexibility and the ability to deploy their funds specifically where and the way they feel they need to. But please don't misunderstand.

We love grant funding, and we will accept them all day, every day. The challenge sometimes arises, however, when the grant funds are restricted, which limits how they can be utilized. The benefits of revenue resulting from fees is that there are no restrictions, which offers more flexibility in how they can be deployed.

We also wanted to support our agencies' need to manage the expenses of providing counseling as that expense occurs. For that reason, we wanted the ability to leverage layered funding. In our fee for service model, there are two components.

Upfront fee in which the referring lender is invoiced at the completion of the client intake session and the client has agreed they want to continue with counseling and they enroll in the Envisioning Home Ownership program. At that point, the first invoice is issued to the lender about 25 percent of the overall fee.

The second portion of the fee is issued once the client has successfully completed the program, is deemed mortgage ready, is issued a mortgage ready certificate, and closes on a mortgage loan with the participating lender partner. At that point, a second invoice is issued and that -- to that specific lending partner in the amount of about 75 percent of the overall fee.

Now, we are excited about the vision because we feel it opens bigger, broader possibilities of who we can target in terms of being able to identify new strategic partners and determining how and where we can engage with those partners. We feel this approach will ultimately raise the profile of nonprofit credit and certified housing counseling.

When you look at the typical lineup of strategic partners who provide a flow of funding to certified housing counseling agencies, you see a list of banks, credit unions, the GSEs, some foundations, the great list of organizations and institutions we rely on to fund the critical work we do.

But if you think about all the people who could benefit from the work that we do, if we could build their awareness of us, if we could establish a foundation of trust and get them to engage with us, to allow us to help them, then the opportunities are abundant.

Now, that foundation of trust, that's a big deal. That's very big deal, especially when you consider there are certain segments of society where people are taught, don't put your business in the street. And for those who don't know, putting your business in the street means, under no

circumstances are you to reveal anything about the details, challenges, or condition of the household to anyone for any reason. This is especially true when it comes to anything related to personal or household finances.

So, with that as a backdrop, it's pretty clear we need to establish a basis of trust. Here's another complicating factor, and it's not always comfortable to talk about. For a whole lot of people, because there have been some bad behavior, false and misleading advertising, and instances in which a great deal of damage was done to underserved communities, those communities have learned through experience not to trust anything or anyone they don't know, they don't have a positive history with, or doesn't look like them, sound like them, speak like them, or live where they live. They've learned not to trust.

This is where it is critical that we find the right access port of entry into the community. Now, it doesn't matter how great the counseling is or how many resources you can bring forward to address the needs of the people if you cannot engage the people.

So, for that reason, we are incredibly excited about the potential we see in fee for service because it offers a broader target market for all fee for service counseling, especially homeownership, and it allows for expanded creativity with which to engage those partners. We just have to get to them and get them to trust us.

An important way to do that is to meet prospects where they are, address their pain points, and fill them with knowledge and plug their resource gaps. In this sense, to do that and to do it effectively, we need ambassadors, those individuals and organizations of influence whose history and interaction and track record with the target is a known commodity and makes them very desirable to listen to and respond to. And in some cases, these ambassadors have demonstrated a continued commitment to that community over generations.

Now, there may be situations where these strategic partners may not be the entity actually paying the fee. They may simply provide the form for engagement, help to overcome the initial distrust, and lay the foundation for us to overcome and dispel a history of misinformation. Whatever the case, these partners can open doors that lead to meaningful engagement.

Let me give you an example of what we are doing in the arena of program management. Next slide, please. There we go. That's it.

All right. So, I shared with you the fee structure and logic behind our fee for service model. What I'd like to do now is highlight how we are rolling the program out to market.

Now, what you see here are our high-level benefits of the faith-based approach. Now, with our faith-based approach, we created a credible engagement platform that combines the influence of the faith-based community with counseling capabilities of the NFCC, member agencies, and the financial and informational resources of our strategic partners.

We address critical financial topics of audience entrance and quarterly presentation and use those events to attract the resources of strategic partners and then they also -- those entities that have an interest in engaging with our audience on the identified subject matter.

Because of COVID-19, the pandemic, these sessions are conducted virtually and are led by subject matter experts. The sessions range anywhere from 90 minutes to 120 minutes in length, and there's time allotted for questions and answers after.

In this model, the leader of the faith-based organization collaborates with and supports the counseling process, recognizing the value it brings to membership. And by support, I mean he or she promotes the concept, highlights the benefit, and endorses the participating partners and providers of the counseling service.

As a result, through this approach, we now have the endorsement of a community leader, a forum for regular engagement that is free, a construct for awareness generation, and expanded fact finding by interested parties and a viable business model that attracts those parties who might be interested in engaging with this target and is willing to pay to do so.

That's just one category and business model for engagement that we've actually deployed, and it's getting tremendous traction in the marketplace.

The next category of partners we are engaging include large employers and labor unions. Now, keep in mind, both have a vested interest in inspiring loyalty from the target. They have a desire to provide a compelling value proposition and the financial means to participate in a fee for service model.

In all cases, collaborating with faith-based organizations, employers, or unions delivers the enhanced credibility we are looking for to overcome barriers. Next slide, please.

Now, here is a list of benefits collaborations through fee for service programs delivered to participating partners by partner type. Now, this list is by no means extensive, but you get the idea.

From an agency perspective, it delivers the potential for unrestricted revenue, provides trusted advisor endorsement. Once you get that and deliver on the value proposition, you begin to build community awareness and acceptance. And I know we're talking about housing in this forum, but there is a broader strategic engagement pool and strategic applications we can leverage.

Now, with fee for service, you can talk about housing, talk about pre-purchase, financing, mortgage type. You can talk about post-purchase, home maintenance, refi, rehab, eviction or foreclosure prevention, reverse mortgages. You can talk about credit. You can talk about whatever you want because it's a winning proposition.

From a lender perspective, lenders gain access to qualified certified counseling providers. They gain the ability to access targeted engagement, and they can target by subject, population target segment, geography, or counseling service provided. They get to invest in and hopefully build

positive PR and goodwill, secure trusted advisor endorsements, community acceptance, and, depending on the model, how it's built, they can only pay for results.

Lastly, in the case of other strategic partners, this would be your large employers and unions, they too gain access to qualified certified counseling providers. It helps them to establish a strategic point of difference versus their competitive set and, in the case of employers, has the potential to result in heightened productivity, less financial stress by employees, fewer distractions while on the job by employees because they know they have the resources to help them address their financial issues and, as was the case with lender partners, enhance loyalty, targeted engagement, and a whole lot of other things.

Now, I think I'm coming up on time. So, I will close by thanking HUD, the Office of Housing Counseling, for this opportunity to speak. And again, I want to express how incredibly excited we are about the opportunities that fee for service can deliver. And on behalf of myself and the National Foundation for Credit Counseling, I thank you all for your kind and wonderful attention.

And it is my pleasure to hand it over to Eric Johnson of the California Housing Finance Agency. Eric.

Eric Johnson: Okay. Thank you. Thank you very much. That was fantastic. I got to say, Mr. Palmer, if anybody takes anything away from this session, I hope to take away your actionable steps in terms of partnering with the faith-based community. That's something we have learned has been incredibly helpful, and I'll talk about a little more if I have time at the end, but please make sure that you take Mr. Palmer's presentation to heart.

I'm representing the California Housing Finance Agency. We've been around one of many state housing finance agencies, and our business proposition basically these days is we help provide down payment assistance. We found that so many prospective homebuyers have the monthly income to make that mortgage payment, but they haven't been able to save up that nest egg, that down payment, especially in this environment with inflation and all the other stresses that are on people's lives.

So, we provide -- we have several programs. Our flagship program is called My Home, and that provides up to 3.5 percent of down payment towards the purchase of a home that is repayable once the home is sold or refinanced.

We also just began the Forgivable Equity Builder program with about \$100 million from our state legislature, and what that does is that gives people a grant of -- it's a forgivable loan, actually, of up to 10 percent of the purchase price of the home. And if they live in the home for five years, then that loan is forgivable, completely forgiven.

It does have income limits, and what's been really surprising to us is that it's worked even in California with all these high-cost areas. We're working with an income limit of 80 percent of Fannie Mae's area median income. They just raised those limits, but even in California, it still

can be pretty tough. But nonetheless, we're seeing loans being done in the Bay Area. There's pockets where it's still affordable. So, it can be done.

We're also about to introduce in the next six to nine months a new program that has never been successfully implemented anywhere else, no pressure, called the Dream for All Act.

And what that is is that's going to be a shared equity program where the homeowner gets about a 20 percent down payment. And then once they sell the house, the state of California shares in any equity appreciation they've gotten. That's going to be really important for us to work with counselors on that to help explain that and figure out if it makes sense for these particular clients.

Now, you may be wondering, what does this all have to do with counseling? Well, I'll tell you. The counselors are the people who help us get our foot in the door. Every single one of our loans includes mandatory pre-purchase counseling. We work through a company called E-Home that is all digital. It's about a six- to seven-hour course. You can work at it at your own pace.

And what it is is they put together a six-hour program that's all online to help maximize accessibility for folks, that goes through all the steps of pre-purchase counseling, what people are going to need to know, all the confusing terms, and it's completely built in-house. So, we know that it's custom built for our loans. If people don't have Internet access or they'd rather go to a place in person, we also accept counseling from any HUD approved counselor in California.

Now, what's really kind of the heart of what I feel like our important work is right now is the work we're doing in collaboration with housing counseling agencies and those intermediaries that Lot was talking about earlier.

We have about \$100 million -- actually about \$3 billion through the national mortgage settlement. You may remember that several years ago, several lending institutions had to pay the government, and that was then distributed to the states for various purposes. And we are using tens of millions of dollars of that money specifically for housing counseling.

We've entered into contracts with three intermediaries, Unidos, HomeFree, and BALANCE USA. And they've contracted with about 80 percent of the HUD approved counselors in California to do work for us.

So far, we've heard about 33,000 families. And what it is, it's exactly a fee for service model, as you saw in Reach and what Hermond talked about. We give \$750 for the first counseling session, \$750 if they go to that tier two level of housing counseling, for a maximum of \$1,500.

We also had a few million dollars subsidized specifically for capacity building. And I know that's something that is on everyone's mind, is how do you build capacity? How do you get it so that a counselor sticks around? How do you get the equipment? How do you make sure you have office space? How do you make sure you have chairs and phone lines?

So, we dedicated money specifically for capacity building to help these counseling agencies who maybe have one, two certified counselors on their staff to make sure -- for retention. And what it

turned out is when we got the expenses, a large quantity of that goes for salaries. So, despite the need for Internet service, chairs, copy paper, you name it, we were able to subsidize salaries.

Another thing that's really important that we found is for a fee for service model is, again, as somebody else mentioned, massive flexibility, giving the HCAs, the people who know what's going on, the people who are seeing the folks who are coming into their office and seeing the specific problems, giving them the ability to do what they need.

We were able to use some of the money for transportation vouchers, some of it for Wi-Fi vouchers so that people could access the services in the first place, because if people can't get to your doors, if people can't get on a screen, then they're just not going to be able to do it.

So far, we've served about 17 percent of the people who've used our services have been African American, which is about double the California percentage population. So, we're really successful there. About 27 percent have been the Asian American, Pacific Islander community.

We're about 27 percent from the Latino community, which is below the 40 percent that's the California state representation. So, we're trying to work through why that is. What are the reasons why we have not been able to serve, from a percentage portion, the Latino community? And I guess that's one of the things that I really want to emphasize is the ability to change your program on the fly, again, building in flexibility, making sure you have a really robust reporting capability.

We get about 62 columns worth of data on every single person who comes through our intermediaries. Our HCAs have been fantastic in terms of their reporting. [inaudible] Cortez at Unidos, Linda Davis-Demas at BALANCE, and Simone Griffin at HomeFree have just been really, really amazing in terms of helping the HCAs get what we need.

We also -- we realized our first round of reporting requirements was too stiff, too challenging. So, we're able to work with the people we report to to make sure that the HCAs, we're not being burdensome on them. We're able to use their existing reporting forms. So far, we've been able to add only one additional question, I think, to what they've been reporting. So, not too burdensome.

We're also working very closely with HAF funding. Our program is called the Mortgage Relief Program. Other state agencies and other states are calling it different things, but it's the Housing Assistance Fund, the billions of dollars that the Biden administration has allocated to help with mortgage relief. And we have put together a pretty robust connection.

Since we're administrating our own HAF program inside CalHFA, we've been able to connect the HAF folks directly with our housing counseling agencies so that there's new requirements for MRP. Then they can speak directly with the housing counseling agencies and kind of cut us out in the middle.

Finally, for all of our advertising, we've tried to actually -- to cut ourselves out of the middle. We don't want it to be the mortgage counseling administered by CalHFA. We want people to go

directly to the 800 number where they can find a counselor. We want them to go directly to the portion of our website that's dedicated to NMS so that folks can find one of the counselors directly online without having to go through us.

As Hermond said, there is a distrust of government. There is a distrust of people asking for where you live, how you live. And the most we can do is to try to get ourselves out of the way, to keep that as small as possible.

With that, I'm going to turn it over to Sid. Looking forward to some fantastic questions and answers in our next session. Thank you.

Sid Alvarado: Thank you so much, Eric, and thank you, all speakers, for the wonderful information that you've been able to provide on today.

We are going to transition to questions. There have been some questions that have been submitted. If you have not had the opportunity to submit your questions as of yet, you can do that by going to the Q&A box and submitting your questions there.

We do have a few questions that we -- that were already submitted, and we're going to go ahead and submit those to our speakers -- to the right speaker that we feel that the question is for.

So, our first question -- and I'm going to have my colleague also Claire, who is going to be helping me to field some of these questions. So, at some point, she is going to come on where I will ask her if maybe there's something that I've missed or I have not had the opportunity to see that has been placed in the Q&A box.

Our first question is going to go to Leda. Leda, the question for you -- and, our speakers, you can come on camera as you're answering the questions.

Leda, how are you able to track or somehow measure and determine the impact of your plan, such as using tools or other usage, number of borrowers served, anything like that?

Leda Bloomfield: Thanks, Sid. That's a great question. So, we ask the enterprises, Fannie and Freddie, to experiment, try new things, really move the needle. So, it's critical that we're able to [inaudible] and ask, is this working? Are we actually serving families, or does this not really pan out the way we thought it would?

We certainly don't want to keep pursuing activities that don't work, and if they do work, we want to scale them and see how we can bring the solution to more families. So, the enterprises already have a pretty robust data synchronization and collection regime, and we want to use those existing procedures to monitor and evaluate.

I know Todd talked a little bit at the top of the hour about outcomes versus outputs. So, for our evaluation, we're currently identifying appropriate metrics, really focus on driving outcomes and not output.

So, for example, we want to know, how does the -- how do the activities really impact families? Not necessarily, we put on five events. We're hoping to identify a few really high-level impact metrics that the public can follow over time that cross both plans; right, because they're approaching these issues in different ways.

So, it's also really important to FHFA to be transparent with this. So, the goal is to really get those data points out to the public so the public can review and provide continual feedback as the plans evolve.

And, Sid, just for one sec, I have to say because I have the mic, just want to echo and underline the point Hermond made about trust because I know your clients have reason -- so, so many very good and valid reasons to not trust the federal government. And I know that I've spoken to many friends of mine who are very skeptical about sharing race and ethnicity information when filling out mortgage forms or really any government related forms.

This information is what my office uses to help protect people's civil rights. I'm working at a civil rights office at FHFA. We really ensure that people are treated fairly. So, we can't do that work unless people fill out the race and ethnicity fields in the mortgage applications and other forms like that.

So, please, please share with your clients the importance of filling those forms out. If you have any tips on how to increase those numbers, feel free to always reach out to me at [inaudible]@fhfa.gov. So, thanks, and thank you for allowing me to just give my little piece in there.

Sid Alvarado: No problem. Thank you, Leda.

The next question is for Greg. Greg, if you had one takeaway from your presentation, specifically for those serving BIPOC consumers, what would you say?

Gregory McDonald: Yeah. Thank you. There's basically a 30 percent homeownership gap between blacks and whites in terms of the homeownership rate, and that's entirely unacceptable.

So, I think if you look at our three-year equitable housing finance plan, you see we have recognized that those different obstacles that they're facing are very real. And we're focusing on developing sort of data-driven solutions to address those obstacles. And I think that's very unique in our approach.

A perfect example of that is our special purpose credit program, and that's very thoughtful. There's been a lot of research that we've done around that, drilling into the data in a very targeted manner to go ahead and address those specific needs and specific areas and really to see from an impact perspective how that works. And then is that solution that we're looking at, is it scalable? Can we duplicate this in other areas?

Maybe what works in one area might not work in another area, but I think it's a very targeted approach. And again, coupling that -- those challenges that you run into with really meaningful

education and counseling resources as early as possible in a consumer's journey along their housing journey.

So, I think, again, Fannie Mae has always had sort of a mission to address affordable housing needs, and this approach is an approach that we think that we can have a real impact on it. So, we're not alone in this sort of goal. I think everyone in this -- on this call collectively is part of that solution. So, we appreciate everyone's efforts and read the plan and we're here to help support everyone's efforts here. So, thank you.

Sid Alvarado: Thank you for that, Greg.

The next question is for Lot. Lot, what unique insight do you have for other organizations trying to reach and serve those who are LEP households?

Lautaro Diaz: Thanks, Sid. Yes. I think the key thing with limited English proficient families is understanding the process, understanding the information that's presented to them. And in the case of our organization, obviously, all our agencies who are in our network have bilingual counseling capacity so services can be delivered in both languages.

But we -- they also get folks from other parts of the world who speak completely different language and have a capacity -- and have a need that is very distinct and that may -- counseling staff may have.

So, the issue is how you best can arrange those language resources at minimum. And so, what we've also done with some agents with languages that we don't have proficient, we've used translation services to bring in with the counseling session to help bridge that comprehension gap. So, that -- to me, language is kind of a major focus there.

Secondly is really cultural issues can be very distinct in various communities. And so, the degree that that -- the counseling staffs can reflect what the population may serve is also a critical element.

It's difficult, particularly -- it's like the financial services industry has traditionally and still has a problem of identifying individuals from communities of color to kind of take both a role -- lead roles in the industry. Well, the same thing can happen in housing counseling agencies, too. So, finding those that workforce that would be appropriate can be a challenge, but it's a challenge worth trying to overcome.

Sid Alvarado: Thank you, Lot.

My next question is for Hermond. What outcomes do you expect from your fee for service pilot project that may be replicable to other agencies?

Hermond Palmer: I think it's like what I identified in my presentation. We want to provide the ability to successfully engage a broader target of potential strategic partners. We want to deliver access to layered funding so that agencies can get the funding when they have the expense of

providing the counseling. We also want to make sure that we think more broadly about what the opportunities are.

Again, the people who need us, they're all over the place. We just got to find that way to get in, and the organizations that have employees, guess what? In many cases, you've been working for that organization 10, 15 years. I think you kind of know them. And if they're talking to you about benefits and whatnot and they position us to say, hey, if you're having issues trying to qualify for a home, qualify for a mortgage, you need counseling, if it comes from the employer, that's a -- that's an endorsement. And that helps to overcome some obstacles of engagement.

So, what we really want to do is broaden the pool, get some strategic partners and some new ways to engage the target that we look to help, in a nutshell.

Sid Alvarado: Thank you, Hermond.

My next question is for Eric. What lessons learned do you have that other state HFAs may use to expand housing counseling for sustainable homeownership?

Eric Johnson: There's so many lessons we've learned in just the year and a half we've been running this program. I could probably talk for another hour, but I'll keep it to like a minute.

First off, let the agencies have almost free run. They are able to do so much more with what they're doing. And since we're a state agency, we see things at such a macro level, and they're able to get down on the ground and say, okay. Let's do some bus size. We need to do a pop up here. We need to work with the pastor of this church because she knows what's going on. She knows how to reach people.

The trusted advisor, the ambassador, you can't overstate the importance of that. Somebody who knows the community, somebody who knows where to talk to, everybody who's going to be able to tell people, hey, here's what you need.

As Hermond said, keeping your business off the street is something we've heard over and over and over again, especially with the African American community, that in order to reach people, you need to give them the opportunity to open up to somebody they know. That's true with everybody, but we hear it a lot from those specific communities we're really trying to reach that need the most help.

And I think it's also really important to make sure that you do meet people where they are. Coming down on high and saying, this is what you need, is not going to work. What you need to do is help people say, okay. I realize that they need help, and here is an opportunity to get that help from somebody who's trusted, somebody who knows them, somebody who's not going to end up giving them something that they don't need that's going to end up harming them down the road.

There's been so much still fallout from 2008, 2009 and all the horrible things and lending practices that went on there that we're still trying to climb our way out of kind of the pit that a lot

of us have dug for ourselves. So, it's challenging. It's tough. It's not going to work right away. You got to have patience. You've got to have flexibility. But again, we've helped 33,000 people so far. So, it can be done.

Sid Alvarado: Thank you. Thank you, Eric.

Clair, I noticed that we have quite a few questions in the Q&A box. Just wanted to see if I've missed anything or if there are some questions for our speakers that you can throw out there.

Clair: Thanks, Sid. Yeah. We're getting a lot of really good questions. One, I think there's a couple questions around, as a local housing counseling agency, how do you get involved with a fee for service program, and how do you determine your cost per client? I think maybe I think Hermond or Lot might be able to jump in on that one.

Lautaro Diaz: I -- this is Lot. Happy to address that question a little bit. There's the -- keep in mind the fee for service process requires a lender willing to engage in that mode, and it's not as easy. I mean, I find it can be a very difficult process.

That's why the work with the OCC Project Reach group has been productive, and we've also had conversations with other lenders as well in the same process. But the key thing for a local agency to engage is that there has to be -- we have to create a lender partnership to actually bring them into the process.

And right now, there's not that many of them out there. B of A, Chase have a process, have programs like this. But what we want to do is make it pervasive in the industry, and part of the purpose of HPII is to set up a standard in which all lenders, if they want to engage housing counseling agencies, they can look to this as their roadmap to get that done. But there's still barriers to -- barriers there.

The outreach -- the barrier -- and the primary barriers is to -- for the lenders have to be comfortable regulatory to do all this work that is envisioned. So, that's kind of the key is we need willing lender partners.

And then the last thing -- and the -- I will -- I have to say this, although it kills me to have to. The regulatory environment which we work has to be compliant with this process. And I think that's -- right now, with the Project Reach and HPII is making sure that the regulators are comfortable with these type of partnerships.

We've made a lot of progress. David at HUD and others have been very helpful in this process, but the key is lenders have to be comfortable working with local agencies and not feeling they're -- a regulator will think ill of them.

We're very close to that side, and so, long story short is as soon as these partnerships can open up, opportunities for local agencies are going to be numerous, I believe, and and we're going to -- we want to open up to our entire network as soon as we have -- as soon as the lenders can feel comfortable enough to work process. I hope that answers your question.

Sid Alvarado: Yes. It does. And thank you so much, Lot, for providing that information.

We have some additional information that we would like to provide. We are at the time or at the end of today's symposium. But before we go, we want to make sure that we let you know about some upcoming trainings that we have or some opportunities to engage.

As I suggested earlier, we will have a symposium on tomorrow, as well as one Thursday. We will put the link in the chat box like we did earlier so that you can register because you do have to register for each session separately.

In addition to that, we have our upcoming Office of Housing Counseling 2022 Community Conference that will take place on August 9th through 11th, and we will provide information on how to register for that as well. Of course, you can always go to the Training Digest to look at other additional trainings that will be coming up.

Here's information where you can continue to engage with us, ask us questions, or reach out. You can find us on HUD Exchange Housing Counseling page. If you have any questions, you can email us at housing.counseling@hud.gov. And you can also search for HUD approved housing counseling agencies if you need additional resources.

Thank you so much for taking time to join us today for the first of our symposium. We look forward to hopefully engaging with you on tomorrow, as well as Thursday, and we hope that you have a great day and found this information to be helpful. See you soon.

(END)