

Office of Housing Counseling

2022 Community Conference

Today's Welcome, August 11, 2022

Olivia Healey: Welcome to the third day of the OHC 2022 Community Conference. My name's Olivia Healey and I'm a community development specialist with ICF. We're so delighted to have you back and part of today's curriculum to engage with all of our speakers and further learn really important concepts and topics pertaining to housing counseling.

For today's session, we have closed off the Q&A box so you can really be engaged in the opening conversation and if you have any technical problems, feel free to submit them in the chat and our team will engage with you.

And with that said, it's with my delight to pass our presentation over to David and get us into the final welcome for the conference. David?

David Berenbaum: Thank you so much, Olivia. Buenos dias, everyone, and I'm coming to you today from Cleveland where I'm visiting with the staff and the leadership team of Empowering and Strengthening Ohio's People.

ESOP, one of our local housing counseling organizations affiliated with the national community reinvestment coalition, and it's my pleasure to be here because tomorrow they're having what they call their triumph event. It's a really unique event where they honor the clients they have served, clients who have realized home ownership, overcome a financial challenge.

As elders, learning more about connectivity and the ability to use the internet and related tools, and I'm just really looking forward to engaging with the whole community here both tonight and tomorrow. When we talk about legal issues in the housing counseling community, only a handful of names come to mind. Particularly in certain areas of expertise.

Truth in Lending, mortgage servicing, Real Estate Settlement Procedure Act, TILA-RESPA, all of these terms, they're complex unto themselves, just with their acronyms. But to have an in-depth understanding of how these laws work to protect the consumers in our communities is a very, very unique and a very, very special talented skill.

We're very fortunate today, because we're joined by Diane Thompson, who's a senior advisor to the CFPB, the consumer financial protection bureau. And as everyone knows, HUD has been partnering very effectively with the CFPB.

I think many of you have attended our joint webinars and special meetings really focused on landlord tenant, eviction, foreclosure prevention, and a host of other issues to really try to help people work through the challenges of the pandemic.

Diane as a senior advisor at the CFPB, is one of the bureau's leaders. But she has extensive background prior to that. In fact, she managed the regulatory component of the CFPB in an earlier period of time while there. And I think most of you know that she has an extensive background in legal services and other areas from a policy perspective as well. Diane, thank you so much for joining us today.

Diane Thompson: Thank you so much for having me, David, and for that exceptionally kind introduction. I am thrilled to be here. What great work all of you are doing and how marvelous to be able to celebrate a 10th anniversary. This is fantastic.

I know I speak for everybody at the CFPB when I said that we share your concerns for families and we greatly appreciate your work to support homeownership and household financial security. Your work is central to ours.

David Berenbaum: Yeah. And I must say, you know, the role that you have been playing in connecting consumers to HUD approved housing counseling organizations and our certified counselors, has been miraculous. I mean prior to HUD updating our own web browser, search engine, and telephonic information, your site was the go-to site.

And we'll talk more about that a little bit later. But I think our audience, all of our agencies, are really interested in what's top-of-mind for you right now at the CFPB? What are your priorities in the space that we work in?

Diane Thompson: Yeah. Thanks, David. So as you know, the CFPB was founded in the wake of the financial crisis of 2007 and 2008. When millions of families lost their homes and millions more were able to keep them only because of combined state, federal, and private sector efforts, including heroic work by all of the housing counseling agencies on this phone and many others.

At the core of the CFPB's mandate is preventing a repeat of that crisis. And so we are always focused on making sure that homeowners have the protections and tools that they need to keep their homes and to avoid foreclosure when possible. Director Chopra is keeping a close eye on current market conditions and has charged all of his staff to do the same.

As I think all of you know we acted aggressively last year to make sure that mortgage services did not push people exiting forbearance into foreclosure. We're continuing to monitor the evolving situation. More than half a million homeowners remain in forbearance at this time.

We're particularly focused on monitoring the outcomes for homeowners exiting forbearance. We're gratified that the majority of those exiting do so successfully. Eighty-four percent so far have returned to making regular payments of paying off their loans, but we want to make sure that every homeowner has the time and support they need to evaluate their options and decide what's best for them.

And we recognize that the folks who are still in forbearance are likely to be the ones for whom the challenges are going to be the most extreme. But foreclosures remain near historic lows and we expect servicers to continue to do all they can to avoid preventable foreclosures. Housing affordability is also a big concern of ours as I know it is of yours, David.

And, you know, we're seeing rising rents, rising mortgage rates, home crisis rising, and inflation. The homeownership gap between blacks and whites is as -- black and white homeowners is as large as it's ever been. It's almost 30 points.

And differences in homeownership rates as well as the differences in valuations, refinancing rates, and loan terms for mortgages all have a corrosive effect on home equity accumulation and are major drivers of the racial wealth divide. We're thinking through what we can do at the CFPB to do -- to address any of these issues and create a fair, more transparent, and more competitive market.

We've -- as you know we've been doing some work to enhance governance and accountability on the appraisal foundation to make sure that appraisals are fairly done and that -- done according to reasonable public interest oversight controls. We're working on an automated evaluation rule making along with our federal agency partners.

We're continuing to hold bad actors accountable as we recently did with Trident Mortgage in a particularly egregious redlining case. And, you know, we do all of the annual analysis of the HMDA data which we make available to everybody.

We are, as we've said publicly, we are currently reviewing the CFPB's qualified mortgage rules to explore ways dispersed in line modifications and refinancing in the mortgage market. And on all of that we welcome your thoughts and initiatives. I think that the one other thing I should clearly mention is that we have noticed a slight uptick, particularly among the Ginnie Mae loans in new forbearance entrance.

And we're trying to get a better view into exactly how big that uptick is, what's driving that uptick, are these people who've been delinquent through COVID, are these people who are newly delinquent? So those I think are -- we're busy like you are.

David Berenbaum: Diane, that's a very full agenda and I'll share with you from my conversations with leaders in the housing counseling community. What they've shared with me over the past six months is that the majority of the focus has been on eviction prevention but over the past 30 to 60 days, things have begun to change.

That more consumers are reaching out to our counselors now with foreclosure concerns. Whether they're coming off of forbearance or first realizing things are getting more serious because some of the servicers are moving along in the foreclosure process. I also want to acknowledge the very significant servicing rules.

In fact, Diane, that the CFPB came out. Because they were very well received by the counseling community as well. The CFPB, I think, has been a leader. You know, you've spoke to some of the things you've been doing as a result of the health emergency that we have been in with the pandemic. When I reflect on the financial crisis, I remember Treasury assuming sort of a leadership role among federal agencies.

But really, I mean, I think first all of the federal agencies have been looking at the issue face front and trying to address it, but you have created some very significant what I'll call networking or hubs for the agencies to come together and work together to streamline how the public and agencies, advocates, engage and obtain this information. Can you speak to that?

Diane Thompson: Sure. Yeah. I think we're all at the CFPB very proud of the work we did to stand up to interagency HUD early on in the pandemic. And proud of the work, not just on our part, but on the part of all of the federal agencies.

I think we really saw unprecedented coordination collaboration starting with HUD and FHFA and CFPB, but expanding out to include agencies that normally don't think at all about housing like HHS, for example. So there were, as all of you know, early on in the pandemic through the CARES Act and actions taken by HUD, FHA, FHFA, there was this unprecedented set of new rights and protections that were created to establish a lifeline.

But they weren't automatic. They weren't self-executing and they were often quite complex. Homeowners and renters needed a lot of help figuring out how to access those rights and protections. And we saw as always people in traditionally underserved communities including communities of color, rural communities, limited English-proficiency communities, as well as persons with disability faced even larger obstacles and assistant [sic].

And so one obvious thing to do was to sure that we had plain language resources up to help people understand their rights and take action. And then a nationwide campaign that we did with your partnership and others to help connect households with resources in their community to help them stay in their home.

Critical to this work is to all the work in protecting homeownership and helping renters is making sure that we have on the ground partners who can -- more trusted partners in the community. The housing portal that you referenced has served over 10 million people since it launched in May 2020.

So we've partnered with HUD last October to print and mail resources to nearly 1,500 housing counseling agencies nationwide. We're hoping that the materials were helpful. As we reach out that partnership was integral to the success to the housing and security campaign. And we look at it as a model for how we can coordinate a cross-government going forward.

David Berenbaum: So important. And Diane, our conversation together on outreach -- because it seems we never can do enough despite PSAs, despite letters, despite our agencies often doing direct consumer contact through their efforts, there's always a large and concerning percentage of the population that were simply unaware of these various programs during the pandemic to help people.

And I really want to applaud your efforts to work with the office of housing counseling. Through our conversations, as you noted, the materials were shared with our agencies, and as well, we developed the bones for the outreach letter that went out last year as well as this year to try to reach all the consumers who were not asking for mods or forbearances in the FHA portfolio.

And that is now a best practice from my perspective. And I hope others, you know, whether it's, you know, folks in Fannie and others will look to that as a model moving forward. Such a simple thing as that. So much of what the CFPB does is statutory.

And certainly well watched by all of your skate holders, as we know, whether it's industry, community advocates and the like, and I think that's for good reason. Because often the CFPB is looking at issues of the day that demand attention; such as fraud or such as appraisal, as you noted.

With regard to the homeownership space, what are you thinking about today with regard to your mandate, with regard to helping tenants become homeowners, and other related issues?

Diane Thompson: So I think as I said at the beginning, in terms of homeownership we remain focused on -- well, we're very concerned about making sure that the forbearance exit is as smooth as possible, that we don't have a rush of people exiting forbearance pushed into foreclosure.

We know that will create all kinds of problems. We are looking at the extent to which the qualified mortgage rule, which is a statutorily mandated rule, can be used to encourage streamlined refis. We saw disparities based on racial categories in who refied and who didn't during the refi boom.

In the aggregate those kinds of differences and refinance rates can have a huge impact on community wealth. So I think we're thinking about, you know, what are our tools and how can we support homeownership, both for people who are in homeownership and people who are trying to get there?

David Berenbaum: That's very helpful and I know that you've been having active conversations with many of our counseling intermediaries and others, trying to expand access to credit and really realizing our goal around the nation in all federal programs to try to bridge the homeownership gap. And we're very appreciative of those conversations.

We've had two conversations with the office of fair housing and equal opportunity during this week. One was during our opening session and a number of issues emerged as things to be sensitive to: folks reentering the community, issues of source of income discrimination.

I know that one of the issues that the CFPB is looking at with us is the use of background checks. And I was wondering if you could share anything about that with our audience?

Diane Thompson: Yeah. So I think -- well, first actually there's one thing I want to say about the access to credit which Director Chopra is very focused on making sure that we are not talking about access to credit for credit's sake but we are talking about access to credit for what it can do for families and communities.

So as we saw in the subprime foreclosure crisis, there's credit which can destroy families and communities and there's credit that can build families and communities up and build wealth. And we are focused on making sure that we are expanding access to credit that expands wealth, supports families and communities. In terms of background screening, this actually has a quite tight tie-in to credit.

Because many people -- there's a huge amount of opacity in terms of what is going on in background screening, particularly in tenant screening. More and more landlords are relying on tenant screening reports which are often in the form of a simple yes, no, should you rent to this person, without any verification of the underlying data or even transparency disability into what the algorithm is for determining whether the recommendation is to report a tenant as a good prospective tenant is a good tenant or not.

And nothing that's key to any particular preferences that the landlord has. In particular, we know that -- so, we know that most of the tenant screening background reports rely on credit reports which have errors in them and whether or not somebody is paying their credit card bill on time may or may not be probative of what kind of tenant they'll be.

There's just no evidence that shows that people who have a high credit rating are more or less likely to pay their rent on time than people who don't. We just don't know. But they also pull eviction records and there are lots of problems with relying on eviction records. For the first thing, it's mostly relying on name matching.

So there are all kinds of errors with name matching. I can't -- I lost track of the times that my old optometrist they would hand me the other Diane Thompson's eyeglasses. You know, so, if you're just relying on name matching, you're going to pick up lots of erroneous information. There are also questions about what happens to minors or other people who are not responsible for the rent in the household.

Because eviction practices in most jurisdictions require them to list everybody who was on the lease or had a right to occupancy in the house, whether or not that person is responsible for paying rent. And then, you know, we know that most people move not because there was an eviction filing against them, but just because they were going to move. And so, you don't have any sense from -- eviction filings are both under-inclusive and over-inclusive of tenants that might be problems.

Plus eviction filings don't look at disposition. So we don't even know if in the end the landlord withdrew the eviction or if the -- what the basis of the eviction was. So we're very concerned at the CFPB with trying to understand how these background reports are used, the extent of which they're blocking people from accessing housing.

One of the things that I personally find appalling is tenants don't have an automatic right to see in writing that they've been denied for housing on the basis of the tenants screening report. The landlord is supposed to tell them, but that's just orally. And so, there's no way for a tenant to try to take that in and follow up on that.

So that's a huge problem. It's one of the things I know that we're very interested in thinking about is, you know, are there ways that we can encourage landlords to provide those notices in writing? Because of the extent those notices are in writing, it gives tenants a chance to see what -- to verify the information.

It would give housing counselors a chance to see, oh, this is the basis for the denial and do we need to work with somebody to improve their credit, to improve their tenant score? Are there errors in it? But without a written notice, it's hard to get to.

David Berenbaum: Yes. So Diane, I'm going to go a little off script because we've been having such a productive conversation. But you have been working with the housing counseling community throughout your career in a number of different roles.

And I think you really -- you have been a partner of the housing counseling community in each of those roles. And I'll share with you that one of my strong feelings about the strength of our community is often they are the folks who are the safety net.

They are the first to engage with consumers who may not know that their rights are being violated. From a consumer protection or a fair housing perspective. And I'm curious about your feelings about sort of best practices or observations, areas that you could see us improve on how we engage with the CFPB or legal services.

You know, what are your thoughts about that? Now, I understand this is an impromptu question, but I think you are just wonderfully suited to give us that counsel.

Diane Thompson: Flattery will get you everywhere. Yes. So we -- to get to use our power at the CFPB effectively, to fulfill our statutory mandate, it is critical that we have as much input and engagement as we possibly can from folks on the ground, folks providing direct services.

Whether they're legal services providers, housing counseling agencies, large intermediaries we're working with, with social service agencies, other social service agencies. We can only do work as good as the input that we get and the engagement that we get. I encourage, you know, we read every piece of letter or e-mail that we get.

We pay attention to what we get tweeted at. You can also just call the CFPB and we have an office of public engagement as most federal agencies do. And say, you know, I would like to have a meeting with some staff at the CFPB to talk about some issues I'm seeing in my community.

They will take those calls. They are looking for how -- we are always looking for how we can expand our outreach on the ground. And I think the other thing I always want to stress to people, you don't have to be an expert in federal law or regulation to provide useful information. Through your work you know all kinds of things.

You know what the problems are, you know what solutions have worked, you know what the immediate needs are. That is vital information that we simply do not have access to in the same way. You are an absolute expert in what you are seeing in your communities and that is information we desperately need.

David Berenbaum: I know that your expertise is housing finance and housing, but of course the counseling community also does extensive work in credit counseling. Many are working also in the student loan and auto finance space to help consumers work through challenges.

If you could speak briefly about the boarder role of the CFPB in that space and I -- probably it's similar to what you noted about how we engage for the housing space. But if you could just share that as well with our counseling audience.

Diane Thompson: That's very tied to the background screening reports in terms of the Fair Credit Reporting Act. And we with the FDC have enforcement and rule making authority under the Fair Credit Reporting Act so we're always looking at is it getting reported correctly?

Are disputes with the credit reporting agencies getting resolved in a timely manner? Reports -- complaints to the CFPB about credit reporting errors continue to be at a high. It seems like almost every we're at a new high for those complaints. So that continues to be a major driver of the problems we hear and I encourage housing counselors who are seeing problems to -- with their clients to reach out to the CFPB to help their clients file a complain with the CFPB. That's one way that we get information. We also find that the credit reporting agencies tend to be a bit faster in responding to complaints once they've been filed with the CFPB. So that can be very helpful.

David Berenbaum: And Diane, it was pointed out that we had planned to ask you a question with regard to what is the CFPB's mandate with renter households? And thank you to my team for pointing that out on our chat box. Please, if you could respond to that?

Diane Thompson: Sure. Sure. So we've talked a little bit around this in terms of background screening. That's a place where we clearly have jurisdiction under the Fair Credit Reporting Act.

I think it's important to remember that part of the CFPB's core statutory mandate that distinguishes it from any other federal agency is because we were formed in the wake of the great financial crisis precisely to make sure that did not happen again and precisely to make sure that we had federal government visibility into emerging vulnerabilities in the consumer finance market.

And where we're required to do research and reporting on risk to consumers. And renters are consumers like everybody else. And rent is such a huge driver of household financial health, so we think that we have a strong obligation to understand what's happening in the rental space at the very basis of [inaudible].

Plus then there's work that we have on debt collection and work that we have on credit reporting.

David Berenbaum: Great. Thank you. Diane, this has been a wonderful opportunity. I'm glad we had this opportunity to have this conversation. So often we're focused on the agenda of the meeting of the day and I found this to be a very relaxed way, in a very public environment, to engage with you. And thank you. Thank you for all that you do with your colleagues at the CFPB.

Diane Thomson: It's always great. I did see there's one question in the chat which asked if the people with forbearance are still waiting for half funds? And I would say we do not have enough granularity with the data to be sure if that's the problem or not.

And that is a place to -- one of David's questions where it would be really helpful to hear from housing counselors on the ground what you're seeing in terms of people who are exiting or entering forbearance and what's happening there. Thank you so much, David. It's always a pleasure.

David Berenbaum: It's our pleasure. Before I turn it back, I wanted to share one thought. I want to express my appreciation to the talented staff of the Office of Housing Counseling. I don't know if we have an applause or raise hand function across all the different models that we're using to view this program today, but behind the scenes I just want to commend the staff of the Office of Housing Counseling.

The talented team that has been working with ICF and ICF as well. Thank you for all that you have been doing. I think everyone can agree that the energy and information coming out of the Whova boards, the panel discussions on Zoom are just wonderful. And of course, it takes a village to really accomplish this and I want to thank my talented staff.

They really have put a lot of time and effort to make sure this would be a rewarding experience for all. And now I'm going to turn things back because our next session should be a lot of fun. Happy 10th anniversary, everyone. Olivia?

Olivia Healey: Thanks, David. I appreciate the recognition and want to second the kudos to all of our speakers and your team at the Office of Housing Counseling. A lot of work goes into this and we're excited for how much everyone has been engaging and the well-received content and all of the different events that we've been doing this week.

If you haven't had the opportunity to engage with Whova yet, make sure that you do spend some time on that platform. Our team has been working to condense some of the information in each session and provide high-level take aways so you can really some quick next steps and touch points. And that builds off of some of the additional handouts that we've created like note sheets throughout the conference.

We have a really exciting session coming up now that will be really engaging and interactive. So make sure you stay on this line and that session will start right here at 12:30. But I did really quickly want to pivot us back to Whova just to showcase you one more time if you haven't had the opportunity.

So I did just talk about take aways from each event. They're located in our community boards. You're able to access that information by selecting by organizers at the top and finding the boards that the Office of Housing Counseling team, the ICF team are moderating.

And then just to flag where those resources are located, on the left hand side of the web app or if you're on the app, the horizontal navigations read the same. But you'll go to the resource section and click on documents and you'll be able to access all the session materials and all of the PDF versions of resources that we link to in our event.

So they all populate here. Some of my bandwidth is going toward the video in this presentation but they will all populate, all right here for your download. If you haven't used Whova yet and you want to just access the PDF versions of all of the session materials, they're located on the event's webpage on this screen and the contact information to reach out to us directly.

This is the schedule for the rest of our day. Again, we're really excited that you're here. This anniversary celebration is something we haven't done before and we're really looking forward to the new format and just making it a little bit fun and not less one-on-one conversation. So if you're sticking with us for that presentation, make sure you open up another web browser.

We'll be using Mentimeter, different link than we've been using for the rest of the sessions. And really get into -- I'm pretty sure it's a trivia event. So we'll see how good you know the Office of Housing Counseling.

So it's my pleasure to end this session and invite my colleague, Clair, online to move us forward for the next session. Thanks for being here.

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