



Housing Counseling Federal Advisory Committee

Transcript of the May 22, 2019 Public Meeting

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Meeting Called to Order and Welcome

- Announcer:** Good morning ladies and gentlemen, and welcome to the HCFAC May 22nd, 2019 Conference Call. At this time, all participants are in a listen-only mode. At 3:15 PM, we will conduct a public comment session. We also ask that participants do not hang up during the short break to ensure that you do not miss any of the meetings. I would now like to turn it over your host, Mr. E.J. Thomas. Please go ahead E.J.
- E.J. Thomas:** Thank you very much, and good morning everybody. It seems like just yesterday we were either meeting on the phone at one of our HCFAC meetings and it's great to be back here in D.C. with our familiar faces. For everyone a few housekeeping comments here if you will. Everybody in the room turn off their phone or turn them to silent. For our telephone attendees, you won't be able to see the documents during the presentation this morning, but they will be along with the minutes up on the housing counseling HUD Exchange website. You can find that at www.hudexchange.gov, that's all one word, .info/counseling. So, you'll be able to get those later.
- When you talk, as we always have been very participatory in this committee, please announce your name. After the first couple of times you'll just be able to say, this is Marcia, this is Pam. This keeps the transcribers from pulling their hair out trying to figure out who said what because they keep very good notes, and these are transcribed like a deposition in any of your favorite law offices. If you will, for our founding members, please be on the call at 1:15 to share your thoughts with the group.
- And then as was mentioned, at 3:15 we have time for public comments. You have star six for mute and unmute on your phone. And obviously we would ask that you would mute your phone when you're not speaking so that we don't hear lawnmowers and cats in the background. But I think that that pretty well covers it.
- Virginia Holman:** Just one thing, that founding members and the new members from 1:15 to 3:15.
- E.J. Thomas:** Yeah, I had mentioned that, 1:15.
- Virginia Holman:** Yeah, but all of them need to be on it.
- E.J. Thomas:** All right, okay, all right, very good.
- All right, we'd like to introduce General Deputy assistant secretary, John Garvin.
- Sarah Gerecke:** He's not here yet, so we're going to have a couple of little more housekeeping issues while he's on his way up.
- E.J. Thomas:** And that's Sarah Gerecke by the way everybody for those who aren't here. Good morning Sarah.

Introduction of Secretary Carson or Representative

Sarah Gerecke: Thank you, I thank you E.J. and thank you to the committee. We're thrilled to be here today. We have a very full agenda and we expect to get the benefit of some fabulous new members and existing members. I think that we do want to just let people know briefly our agenda today. We are going to start with some updates from the Office of Housing Counseling. And I'll give those. And it's just letting you know what we're up to, and what we're working on, and what we're plotting and in particular what we've done to advance some of the things this committee has suggested.

The next thing on the agenda will be to go through the recommendations that this committee made at its last meeting and discuss the progress on those recommendations, as well as any questions the new committee members have of the existing committee members, so that they're clear about what's been on the table before, and can choose if they build on that or not.

We'll have some brief updates on specific initiatives that have been of interest to the committee in the past. Housing counselor certification will be given by Jerry Mayer who is our Director of Outreach and Capacity Building. Our awareness and visibility efforts will be given by Terry Carr who is our senior policy analyst and, I'm sorry, program and communications [LAUGH] analyst. And obviously-

Terry Carr: I answer to anything.

Sarah Gerecke: Yeah. The update on our disaster assistance and recovery teams' efforts by Ginger Holman, who wears many hats here at HUD as you will hear. We will have a presentation by one of our advisory committee members, Pam Marron, on connecting mortgage loan origination to housing counselors. That will be an idea that she has worked on with some of the prior committee members. And I think it's not only useful in its own right, but it can also give you a sense of the power of what you can do as committee members to align with and advance what the benefits are of housing counseling.

After lunch we'll go through some administrative matters including recognizing our wonderful founding members who are cycling off of the advisory committee. We will have suggestions from the founding members and reflections of what the advisory committee has done for them and what they have done for it. And maybe advice for the new members on how to be effective.

And then the new members will have deliberation time for what they think some of the issues and priorities are. We will have time for public comments as E.J. mentioned. And then we will adjourn with the next steps.

So, it is an exciting agenda for us. HUD has benefited greatly from the advisory committee and I am just thrilled to death to be here and to meet all of you.

It's my pleasure now to introduce or welcome to you, I'm sorry, yes?

E.J. Thomas: One other housekeeping item. I'd like to know, who's on the phone here?

[INAUDIBLE]

Oh, I meant of our members, just of our members.

Sarah Gerecke: Can you tell us Ravi who's on the phone?

Ravi Nara: Go ahead and ask anytime so we can [INAUDIBLE].

Sarah Gerecke: Martin is on the phone, okay.

Ravi Nara: Okay, you can go and ask [INAUDIBLE].

E.J. Thomas: Okay, what we'd like to do is to know who of our members on the A track, not the public members, but the members who could not be here in person today are actually on the phone. So, if you could announce yourself that would be great.

Martin Sundquist: Good morning, it's Martin Sundquist.

E.J. Thomas: Good morning, Martin.

Virginia Holman: That's it so far.

Sarah Gerecke: That's it so far.

E.J. Thomas: That's it so far.

Sarah Gerecke: So, let's go around the table for the members so we can let the people on the phone know their name.

E.J. Thomas: Okay.

Sarah Gerecke: We'll get to you. [LAUGH]

Glen Holmes: No, I was going to ask for intros, so this is perfect.

Sarah Gerecke: Yeah.

E.J. Thomas: All right.

Paul Yorkis: Paul Yorkis. [INAUDIBLE].

Glen Holmes: Glen Holmes.

Danberry Carmon: Danberry Carmon, Office of Housing Counseling.

Marcia Lewis: Marcia Lewis.

Pam Marron: Pam Marron.

Sarah Gerecke: Sarah Gerecke, with the Office of Housing Counseling.

- Jerry Mayer:** Jerry Mayer, with the Office of Housing Counseling.
- Terry Carr:** Terry Carr, with the Office of Housing Counseling.
- Virginia Holman:** Ginger Holman, with the Office of Housing Counseling.
- E.J. Thomas:** E.J. Thomas, chair of the first group here, and our new members at the table here are Paul, Glenn, and Marcia. Pam, we've been together since the beginning.
- John Garvin:** Very good. Well, that's the perfect segue in, and I first like to thank you so much.
- Sarah Gerecke:** Can I introduce you?
- John Garvin:** Oh, sure.
[INAUDIABLE] [LAUGH]
- Sarah Gerecke:** This was, my highlight was going to be to introduce you.
- John Garvin:** Oh, I'm sorry for that.
[LAUGH]
- Sarah Gerecke:** Secretary Carson actually really wanted to be here. This committee means a lot to him, and he is quite passionate about housing counseling. He told me the first time we met, which I believe was in the first week of him being on the job, he cares passionately about giving people tools to help themselves. And that housing counseling is an essential tool for stability, and economic mobility, and he could not be more supportive than what we have.

Assistant Secretary and FHA Commissioner, Brian Montgomery, is also our acting deputy secretary right now. And wears very many hats, but is very, very familiar with this group and with the housing counseling program. He was assistant secretary here during the mortgage crisis. He was responsible for tripling the federal budget for housing counseling during that time, and-
- Glen Holmes:** Thank you.
[LAUGH].
- John Garvin:** [INAUDIBLE] Thank him, he really went to bat for that, I remember.
- Sarah Gerecke:** So, we're very fortunate. I have to mention them, because I know they are here in spirit, and it would be remiss, if I didn't. We're very lucky to have John Garvin here today, who is the number two to Brian. As the way I introduce him, this is his 8,000th interaction with HUD. I know he was here when Brian was here during the crisis. He has been a Deputy Assistant Secretary of the Multifamily program. I learned in my first half-hour meeting with John, that he knows more about housing in his little finger than I will ever learn, and I've spent a lot of time on housing. It's a real joy to work with him and a privilege to have you here this morning. So, with that, I'll turn

it over to you.

John Garvin:

Thank you, and thank you for the invite, and I first want to thank you, Chairman, and the founding members, I guess, who set this all up. This is a new committee since I was here last time, it wasn't here, and I wished it was when I was here before, because it would have been extremely helpful. Sarah and her team have done a great job getting me up to speed. I've been back at HUD for three months, three long months.

[LAUGH]

And no, it's been great. I actually got started in housing, with housing counseling, in Texas. I'm a Texan, though you probably wouldn't catch that from the sound of my voice. I started in housing, in the Texas Housing Finance Agency, and it was a program- I remember going to a public hearing, and the disability rights group showed up. And we were doing I think, consolidated planning for home funds or something. And the disability rights folks showed up, and this is my second week on the job, and I had no idea. I got the job, because some guy I knew when was in grad school in Texas. I worked for his wife, and he said, we need pushy Bostonians to come down here. [INAUDIBLE]

[LAUGH]

And I wound up at the Texas Department of Housing, and I was at the consolidated planned public hearing, and the folks representing disability rights groups, were up there saying, we don't have access. We don't have housing. Forget homeownership, we don't have access to rental housing. And they were making a good point, and I didn't know how it worked, at the time. I didn't know you just supposed to sit there with a stoned face and listen, and I went to the executive afterwards and asked him, what do you doing to these folks. And he just looked at me and he goes, I don't know, do something.

[LAUGH]

And that was the beginning. And Fannie Mae at the time, came out with the product Home of Your Own.

Marcia Lewis:

Home of Your Own.

John Garvin:

Underwrite it to the disabled. So, you'd have big down payment, but you could underwrite the purchase of a home. And it was very unique. It was a great way to learn, because it was a very difficult population to serve. But a key component of that, this is like '96, and a key component of it was housing counseling.

And what was fascinating to me, was, there was a lot of the people in the counseling were the parents of the adults with disabilities. And the parents would come up and say, because they really needed to know that their adult child with a disability could keep the home, because they wanted to die in peace, basically. And they would nervous, and they're like, we don't want them to be foreclosed on. So, the housing counseling component was actually even bigger than the down payment assistance. And it was a great eye opener to housing counseling. And then, since then, the Texas legislature started, I think one of the first statewide home buyer education

programs. And we did a similar thing. We did the train the trainer, got a network of certified counselors in Texas. We partnered with NeighborWorks. What did we call it back then?

Sarah Gerecke: Neighborhood Reinvestment.

John Garvin: Neighborhood Reinvestment Corporation. We contacted them. Had them come in and train all over Texas. It was just such a great educational experience. So, to the new members, thank you, prematurely, for your service. We need your input. I like the mix, the cross-industry collaboration, because you can't just be housing counselors on the board. You need the mortgage industry, you need the consumer, you need real estate professionals, you need the whole thing. And don't, Sarah, I'm so impressed with her perseverance on this issue, because I've got project-based Section 8, FHA, single-family, and multifamily, insurance, and a bunch of different things going on at once, she is probably the most, she has the most perseverance of any of the DAS's here. And will find me no matter where I am.

[LAUGH]

To make sure this committee, I think, I know.

Sarah Gerecke: I think that's a compliment.

John Garvin: It's a total compliment. It's like, I think, I know these people on the list better than I know my own new staff, because she has when it's going to the selection process. And Secretary Carson, you're right, he is very involved, and he took a hard look, and was very interested. Same with Mr. Montgomery, who, they both send their regards. I was just up there. The importance of housing counseling, and the importance that it is not called-, and I said, they called it homeownership counseling. And I grew into the fact going, oh no, that's not right. An apartment can be a home. My apartment, my home, although it's a little bit shaky at this point.

[LAUGH]

Because I'm barely unpacked and can't hear myself think. But it's such a great way. And I remember in Texas when we created the network. And like what you're all doing here, and what you're evolving. I think you were telling me that last year, HECM default counseling, you all were getting more into that. Huge thing we need help for. And I like the advisory committee, especially, the mix of it, to bring things that you think might help us from your committee, stuff that we don't think of.

The disaster relief, I mean, that when we were in Texas, I remember we had a heat wave and a drought. And for Texas to call something a heat wave, it was really hot. And we got, the energy department were providing free air conditioners to all low- and moderate-income folks that needed them in Texas, because people were dying, daily. So, we had our network of community action agencies. But then, the network that we'd created with the housing counseling, they stuck up. They came to us, and said, our network's growing. We can help you in this community and in these counties. And it was just the benefits and the outcomes from setting up that network. And it's still going in Texas today.

But we, and again the most important thing is you help advise us, and Sarah is your best

representative you could have because she makes sure that the commissioner and I know what you all think are the key objectives of the committee at any given time and the strategies you're going to use to get those objectives met. And Commissioner Montgomery, coincidentally, was our director of communications at that state HFA in the '90s, and he set up the plan to get housing counseling done in Texas, and Texas has 254 counties. Figures for a Bostonians to know that.

[LAUGH]

And he was incredibly helpful because he knew that, too. I'm not always great at messaging. I'm a little abrasive at times. But he knew how to get the message out, that this isn't just, everyone's got to buy a house. This is literally the financial literacy that using credit to your advantage, not getting, I don't know the correct term, taken for granted by people who want to mess up your credit. And so getting the message out was half the game for us. And it's cool.

I go back now and then. When I go back to Texas, I'm not running around looking at the housing counseling agencies. But it's so cool to hear the people that they're so foundationally there now. It's been 20 years and it's continued and it's gone beyond whatever mission. Because back then, it was literally, how do we get people to buy a house? And now it's not that at all. It is a key part of it, and you had told me about eviction?

Sarah Gerecke: Prevention.

John Garvin: Prevention. I mean it was just the scope. So, if it's okay I'd like to sit for a few minutes-

Sarah Gerecke: Please.

John Garvin: and just listen to you talk, but that's all I want to say, and welcome and thank you for your service, and thank you very much to the founding members again I can't thank you enough for getting us this off the ground.

E.J. Thomas: I do have a question for you, though, how did you end up from Boston in Texas?

John Garvin: I actually-

E.J. Thomas: What's the story there.

[LAUGH]

John Garvin: And it's horrible when they introduce me for speeches because I sound like the biggest flake, but I went to Texas to learn about Japan.

[LAUGH]

The LBJ school had a program. I had done some undergraduate work in Japan and LBJ school had a program of international relations.

E.J. Thomas: I see.

John Garvin: So, I did that, and it was when I was in grad school at LBJ that I worked for the lady at a test-prep company, and her husband was appointed by Governor Bush to run the Texas Housing Finance Agency. So, when they introduce me, it's like Massachusetts, Japan, Japan, Japan, Section 8, and it makes no sense, right.

[LAUGH] [CROSSTALK] [INAUDIBLE]

John Garvin: It makes people kind of go-

E.J. Thomas: It seems perfect. They listen.

John Garvin: Yeah, they listen. Yeah, yeah, yeah, but thanks for pointing that out.

[LAUGH]

E.J. Thomas: We're delighted you're here with us, so thank you for those good words. I think that, for those of us that don't spend a lot of time in Washington, there's a perception, that stuff just comes over here and it ends up in a black hole someplace. Our work with Sarah, to bolster what you've said, has been one of working with someone who's been very responsive to all of us. We feel like, that we are have a champion inside the building, if that's fair, and that's, I think, kept us energized to do the work that we've done, so shout out to Sarah.

John Garvin: Absolutely. It kept you energized. Try to have her coming at you with a NOFA to sign or something. [LAUGH] And it's so impressive because I'll sit there, and again, I've got stacks of stuff. And there's a guy on my staff who is also very dedicated to housing counseling and he'll be like, John, it's really important that you sit down right now for ten minutes and read this, and it's a great collaboration.

Sarah Gerecke: It's fantastic.

John Garvin: Yeah.

Sarah Gerecke: And I have to say that there are a lot of housing counseling staff here, as you heard, and it does take a village, not just that we kind of delegate all the stuff and get done. Ginger, the designated federal officer, in particular, is making sure that we answer every question that has come up, every recommendation, she's right on it here, everybody. So, thank you for giving us the environment to do that.

John Garvin: It's a great team, and it's also since the last time I was here, it was great to see how much it had grown, and they brought key people from other parts of the agency. [To Terry Carr] I remember you were at Ginnie Mae the last time I was there. And to see that it's not looked at as a second thought. And it's really part of the process now. And when you and I have met and talked about the different non-homeownership counseling. That shows everyone, we are here to address housing need, mostly for low-mod folks. And to see the expansion and it's great to see the progress and the growth.

E.J. Thomas: I do sense that Sarah sneaks into your office about 6:00 at night and takes her stuff and makes sure that it's on top of the stack so that first thing the next morning-

[CROSSTALK] [LAUGH]

John Garvin: I'm getting a finger printing kit. The housing counseling things do always seem to be on top.

E.J. Thomas: All right. Well Sarah, I think we're up to you.

Office of Housing Counseling Program Updates

Sarah Gerecke: Thank you. I wanted to provide the committee an overview of the housing counseling program and some updates and I'll ask my buddies to advance the slides as we go along. So, I'm going to cover fairly quickly a few things here. Okay. I will give updates on the advisory committee recommendations from before. I know that's sort of split out in the agenda, but I want to give the overview first.

I want to talk about what we are doing to ensure quality housing counseling. Touch on recent research in more depth, and mention some other policy initiatives, and then close with resources. And as E.J. mentioned, these decks will be on our website at the close of the meeting or soon after, so the public will be able to have access to them.

But just starting with what is housing counseling, so that we're all on the level playing field, we define it as independent expert advice customized to the needs of the consumer to address the consumer's housing barriers and help achieve their housing goal. You don't see the word homeownership in there by the way because they help renters, as well as homeowners, and they do a happy dance if someone looks at homeownership and decides that it's not the right tenure for them.

HUD regulate housing counseling and sets standards for the content and also set standards for the process. Some of the process elements include intake and budgeting and affordability analysis. Next slide, please.

Housing counseling agencies can choose the services they provide based on their local market needs and based on their expertise. Some of them provide help with financial management and budgeting, some really focus on fair housing information or fraud and scam prevention. Some of course have worked on mortgage delinquency and default prevention. Many are pivoting to pre-purchase counseling as that becomes more of a need in their community, and there are others.

They do provide educational workshops, but to HUD, the foundational element, the transformative element, is the individual counseling that's designed to meet the needs of the individual client, not the big classroom or online talk at you with no interactions. So, we really emphasize that. Next slide, please.

We have our mission statement above which is to help families obtain, sustain and retain their homes. And I'll say that John is just incredibly good at making sure HUD stays on mission. And

our mission is to help the families, our mission is not to help our grantees. Our mission is not to help the stakeholders that may be interested. I'm looking at a grantee here, Glen Holmes, [CROSSTALK] [LAUGH].

There is a means we have to achieve our mission, and I think they view that the same. But it's very important especially as you get in this building, that you keep in mind who you're serving here, and we want to serve the family.

Today we have about 1,800, HUD-approved housing counseling agencies. That is a decline from a peak of about 2,500 soon after the crisis. Not necessarily a bad thing, if they're serving more scale. Could be a terrible thing if they're not providing services in localities that need it.

John Garvin: So, what was it last year, you did a million, you reached a million folks?

Sarah Gerecke: Oh, you're jumping ahead of my-

John Garvin: I'm sorry. [LAUGH] That surprised me.

Sarah Gerecke: Families reach over a million. The counseling agencies reach over a million families a year. They must do a minimum of 30, and some of them do very high need. A wonderful member of the advisory committee worked in Hattiesburg, Mississippi, helping disabled people find rental or homeownership opportunities in one of the poorest areas I've ever visited, next to one in Maine. And so, they do not a huge volume. Others will do a large number, but they have large staff in their big organization.

We are monitored. We monitor compliance, but we also support the agencies through training, technical assistance, and we provide the public with access to a trusted resource through our toll-free number and our website. Next slide, please.

Because agencies can choose pretty much how they deliver services, they deliver a number of different ones. And 37% of the services delivered last year were through the workshop method or group education. And the rest was through individualized counseling. 26% of the services were for pre-purchase last year, and 16% were for mortgage delinquency prevention, 9% for rental, and 6% for reverse mortgage.

I will say, and we can explore this more, but as this committee has pointed out, a lot of that has to do with money. The resources for pre-purchase counseling, and the time the resources for delinquency prevention counseling, were provided by both private and public sector. Very little funding available for rental counseling, which is, I think one of the reasons that people don't it, but you'll tell us that. Next slide, please.

We study outcomes and we make our groups report a lot to us. I think reporting to us is probably their second least favorite activity besides the grant process. And we have impressive results, I think. These are not updated for the full year, but now it's close to 300,000 people in fiscal 18 worked with a counselor to develop a budget. 100- and, I think, close to 200,000, improved their financial capability through better credit or better savings, and another 120,000 in the third quarter gained access to resources, emergency eviction prevention emergency funds or legal services or down-payment assistance.

So, tracking these outcomes started in 2015. We still have work to do. We believe they're under-reported. But I think it's an important part of the story, not just that you're reaching people, but there is transformation occurring as a result of that.

John Garvin: Do they, and you may have said it, is there a way to capture like do they do it in an application for how much leverage could-. I remember when I was starting out, there was a lot of private sector money going to it too.

Sarah Gerecke: Yes.

John Garvin: Is that still the case?

Sarah Gerecke: Yes, it is, and we'll go to the next slide, the-

[LAUGH] [CROSSTALK]

The federal funding for Housing Counseling since 2007 has consisted of two sources. The appropriations that HUD provides through the housing counseling grants, and also the National Foreclosure Mitigation Counseling Program, which ended in 2016. So, there's only funding from HUD directly for housing counseling. Groups are expected to leverage that funding with non-federal funds, and we do ask them to document the leverage when they apply for funds as applying for grants.

And the last few years have been pretty consistently leveraging six private or non-public, non-federal dollars for every dollar of federal funds. And we really check that when we [LAUGH] go out and look. We want to see the grant agreements with those numbers are real.

A lot of the work of this committee has been to help us stay focused on helping agencies with those revenues. Because financial sustainability of housing counseling was one of the things, we heard from the committee was an enormous issue. And so, I'll talk a little bit about what we've done in that arena.

John Garvin: Do you know, I've got to head out in a minute.

Sarah Gerecke: Yes.

John Garvin: But do you know, I remember when they created affordable housing trust funds, I don't know-

[CROSSTALK]

Sarah Gerecke: Fannie and Freddie. Yes.

John Garvin: Yes, was a component of that ever dedicated to housing counseling?

Sarah Gerecke: Funny you should ask.

[INAUDIBLE]

We tried, and I shouldn't say we tried. The advocates tried to increase that. Very little is available for housing counseling from the Affordable Housing Trust Fund. It is possible but it's a little contorted. The same for some of the GSE affordable housing goals. If you do housing counseling for manufactured homes, which some people do, both purchase and repair, then that will count-

John Garvin: Affordable duty to serve.

Sarah Gerecke: Affordable duty to serve, exactly. But housing counseling itself is a free-standing item, it does count obviously for Community Reinvestment Act purposes.

John Garvin: I'm going to have to bid you farewell, but thank you very much, enjoyed the meeting.

Sarah Gerecke: John, thank you so much.

[CROSSTALK]

Paul Yorkis: Are you still a Red Sox fan?

John Garvin: Of course, but don't tell the Texan.

[LAUGH]

Sarah Gerecke: And maybe this is a good time to pause for any questions from the committee members as well, before I go on, or you all good? Okay. So, as you can see the federal support is actually correlated to the number of people that can be served and at the height during the foreclosure crisis response, Congress appropriated over \$400 million for counseling. And within a year counselor had reached 3 million people as a result of that increased funding. And as the funding had declined, we've seen the number of people reached also decline.

So very quickly a few updates for you, and in this case, I'm going to go through the recommendations that this committee made at its last meeting and discuss what we have done since then.

As we have said, and I think the committee understands, not every recommendation will turn into an immediate yes, let's go do it. And so, I want to be very transparent about what we are and aren't able to do so that in your deliberations, you can give us the feedback. Whether you think that's a bad call or if you think there are other things that are more actionable and relevant.

The first recommendation was that HUD should work with loan originators to collect consumer fees for counseling and the loan transaction and provide levels of credits for closing costs or loan-level price adjustments. We are researching this issue. It raises a number of questions both in terms of clarifying our own policies around client paying for services and also being able to

collect those payments in the mortgage loan. We have not finalized that. We have collected some anecdotes about how it's happening. Fannie Mae's Home Ready Program does give a loan-level price adjustment for HUD counseling in the closing and that generally does go back to the consumer and the counseling agency. So, there is some movement here, but I think it's something that we support. But again, getting the mechanics of it more widespread is a work in progress.

The second was to consider the timing of appropriations and minimize financial stress to agencies on late awards. To be candid, we did not do well on this one last year. Our awards were very late in 2018, and grant execution occurred well after the fiscal year ended. That was attributable not only to late budget adoption and some changes in leadership here, but also to a shutdown right at the point that we were able to execute the grants as well.

We view this as our highest priority. And at the same time, it's distressing that it does take us a long time to issue the grants. We have not yet published our NOFA for 2019. Congress adopted its budget in mid-March with some additional terms we have to include in the NOFA. And I can't speculate about when the NOFA will be published under the HUD Reform Act. But we hear that pain and appreciate the committee's reminding us of how harmful that is for service delivery.

The third recommendation here is to provide authority to form subcommittees to conduct research and work. We did look at that, check whatever it is, section 13 of the charter, does give the secretary authority to create subcommittees. And if this committee is interested in doing that, we can. The committees can't make decisions, so a full committee is the only one that can make decision, but we can work with you on that.

Moving on, we have recommendation to improve the financial sustainability of counseling which John raised. One suggestion for example, would be a dedicated fee at the home closing. We've taken a lot of steps here. We have not pursued the idea of a dedicated fee at home closing, we don't think that's appropriate for the federal government to promote. Although, some states are looking at taking a portion of the transaction to fund housing counseling.

We are working towards publication of a research paper to show different funding models for housing counseling, different public private sector partnerships that we think can be replicated, and we hope to have that out before your next meeting. We've also provided already webinars for how to diversify funding sources. In fact, I believe, Emelda delivered one of them recently and so it's an area where we've really tried to focus and give tools out for how counseling agencies can raise funds.

The committee spent a lot of time focusing more attention on increasing awareness and visibility of housing counseling, so it's not a best kept secret. And you heard from John this morning that Brian Montgomery loves this. [LAUGH] He is thrilled that we are looking at this, although the previous administration was also very supportive. We have invested a great deal and found wonderful talent in a contractor to change our messaging, produce consumer-oriented materials, and also produce tool kits for counselors. We've engaged in social media training, and I won't say anymore because you'll get a whole presentation on what we're doing.

I do want to flag one item for the committee which is that June is homeownership month. And although we know counseling is not homeownership, it is often a very good time to raise

awareness. We are doing a few activities homeownership month. Are you going to discuss those?

Emelda Kennerly: I believe so.

Sarah Gerecke: The first is an event on the mall to highlight innovative home building. And will include things like tiny houses, discuss print houses, I don't think we're able to print a house on the mall. But housing counseling will have a booth that says, we're the only HUD organization with a booth along with single-family FHA. And we will have housing counselors present for the five days of that exhibit on the mall. It's being done by HUD in conjunction with the Home Builders.

Glen Holmes: The dates?

Sarah Gerecke: The dates are June 1st to 5th. And we've sent the notice out to the agency through the ListServ, but we will resend that as you go ahead. And if you, committee members decide to come down, please let us know in advance, and we'll make sure to show you around.

The two other things happening in June quickly, we are celebrating our 50th anniversary of the program, which started again in 1968. We have some nifty things on our site that are a result of that, and our capstone event is going to be a panel presentation on what the future of housing counseling looks like 50 years from now. That date will be June 26th, in the morning. You will all receive invitations to that and as well as the public and the housing council agencies, and we're very excited about some of the dynamite panelists we have for that event.

E.J. Thomas: Will that be on Webinar as well?

Sarah Gerecke: It will be broadcast as well. Yes.

E.J. Thomas: Okay.

Sarah Gerecke: More to come on that. The next suggestion was to consider creating continuing education classes and housing counseling for loan originators and real estate agents. That's an idea that we think is wonderful, and I will confess, we've had some difficulty in making progress on it, not through anything except not having the right connections, perhaps. And so, we would welcome the committee's assistance with that, if there is interest for us to pursue that.

We also were asked to consider distributing funds from private funders through our NOFA so that charities could contribute to HUD and we could accept private funds and distribute them to counseling agencies. That would be more efficient, and it would help the donors who may not want to contract with 1,800 different organizations. Or we don't have 1,800 grantees, but 300 grantees and sub-grantees. We have pursued that. It is possible, but there will have to be legal authorization through statute as well as logistical hurdles. We would like feedback from the committee whether it's worth pursuing that. Right now, it seems like it would be a lot of work for a longshot. So, plus whether there would be support for it among the donors, and also in Congress, and whether there may be other ways to get to the same end.

You'll stop me if you have any questions, as I go over. Okay.

The last set of recommendations here would be integrating housing counseling into the mortgage process through incentives and ensuring counseling occurs prior to the contract of sale. So, the early timing of counseling and incentives for counseling. We have supported entities that have come to us looking to do that. We helped Fannie Mae. We're thinking through their product. Other banks, and I know that Martin Sundquist from Wells Fargo is on the phone, have rolled out very major programs that include HUD housing counseling as part of the project. I believe Bank of America has, too. This is something that's taking traction and we hope that they will share their results and positive experience, so it becomes more of an industry norm rather than just an individual product differentiator.

I want to say in the case of all of the entities that I've mentioned, they're interested in having more parties come into this area not just being the only ones. They're not looking at this as solely a competitive advantage or anything. They think that it should be the standard. I don't want to speak for them but that's what I have heard.

Marcia Lewis:

Sarah, this is Marcia Lewis I have a question going back to the point that you spoke before this one about distributing funds from private funders to create a pool, and I understand that it is being looked at in terms of the legal and logistical hurdles. But, the first thing that jumped into my mind was the lobbying. It's kind of sounds like it could be.

Sarah Gerecke:

So, yeah, thank you for raising that. Because as you know, I am prohibited and my staff by the Hatch Act from advocating to Congress for funding or particular things. The only place we do this, we make suggestions like this, is through the president's budget. And we do put forward recommendations on legislation that can come through the president's budget. We do not suggest to other members of Congress or others that this may be legislation that is helpful or not. We answer questions that they may have in an educational context, but we do not advocate in any other way.

We did look at this in the course of putting together the president's budget, which is by the way a very highly confidential process until it's announced at the State of the Union, but I do want to share that we did explore it in that context and that is one avenue if we decided to go forward. Thank you for clarifying, that is very important.

We heard from the committee that we need to create a more standardized and streamlined approach to housing counseling across the board. We couldn't agree more. We have not only 1,800 agencies delivering services, but we have 78 of our own staff who sometimes have different interpretations of what we do. My staff have raised this as a big issue for them, and we're going to be devoting a lot of time this year, in what I will call the non-sexy but essential activity of writing more detailed standard operating procedures, putting out more FAQs, clarifying our handbook and streamlining the functions that we have so that we're less burdensome on the agencies, and we have fewer versions ourselves. We can go into that more if you'd like and the committees entrusted. Okay next.

We had three recommendations for the reverse mortgage program last time. These were referred to our FHA single-family program and was shared with them and single-family is looking at and has implemented many changes that touch on the problems underlying these. John mentioned, HECM default being a particular interest in concern of ours and we have shared resources and clarified policy with housing counseling agencies. For example, to say that you

don't have to be an HECM-certified counselor in order to engage in HECM default prevention. And we're continuing to work to clarify that so that we can expand more services to people with reverse mortgages who may be facing default.

So, those were the state of the recommendations to-date, and we look forward to your discussion a little later about how you want to build on those or perhaps add other concerns to the topic.

Just have a couple more things I want to mention in terms of highlight. We do stay very concerned in quality housing counseling, and we have welcomed the committee telling us when they see issues or great things about the quality of counseling.

We have an expanded number of performance reviews we're conducting this year. We hope to get to almost 400 reviews, which is more than we've done in the past. Every member of my staff, including me, do reviews, I've completed four this year already and I have two more scheduled for next week. The idea is that's our primary tool to prevent risk. We look at files. We look at the agency. We quiz the agency [LAUGH] on their knowledge of housing counseling and we make suggestions [INAUDIBLE]. And in some cases, we may terminate an agency that is out of compliance after a due process. Rare, but it does happen and that can happen for cause. E.J.

E.J. Thomas: Sarah. E.J. Are these 400 in the field audits or-

Sarah Gerecke: Yes, there. Well no. We do have the option of doing desk audits as well as in person audits. Both the staff, and I think the agencies, prefer the in-person audit. It gives us a lot more information, but where we have a lower [INAUDIBLE] or honestly where we have workload and capacity issues, we will choose a desk audit. We also are subject to budget constraints like anybody else. So, if it's a very expensive place to visit, that might be another consideration.

E.J. Thomas: And then, are these no notice visits or the people get a heads up that you are coming?

Sarah Gerecke: We don't believe in "I gotcha" review. And let me just say that we really do view this as a partnership. We want to be collaborative in the way we do it, and that doesn't mean give people a pass, but we want them to be prepared. So, we give them 30-day's notice. We ask for materials in advance. The only thing that we don't ask for much in advance are the files themselves. We will pull files randomly and look at them on site.

The times we may do an unannounced inspection or appearance is where we have reason to believe that the agency is engaged in very problematic activity or where it may have closed. And we don't know. So, we will call up and say are you still in business kind of thing to find out. And we've sometimes done mystery shopping as well. That's something that we would actually like to expand a little. But we don't make that review per se, it's really meant to be a training and teaching tool. [INAUDIBLE].

Jerry Mayer: Yes absolutely. Also, when we approve a new agency, we inspect it before we approve it to make sure they meet the standards.

E.J. Thomas: Okay, thank you. Marcia.

Marcia Lewis: And Sarah, this is Marcia. Along the same line, so is there a risk process that you do and you determine, maybe based on funding, or number of people served, or what are some of the key pieces that drive this?

Sarah Gerecke: So, the way we look at risk is in three areas. We look at the risk that the seller funds are well spent. We look at the risk that quality services are not delivered. And we look at the risk that the organization itself may not be strong or may not have sufficient resources to continue. We do an internal risk rating that we do not share. It was done very early in our reorganization, partly as a workload device. And so, it's informative but we don't rely on it in determining risks.

We have a project underway now to streamline our performance review and to tie the performance review more transparently to a risk rating that we worked with, with our Office of Risk and Regulatory Affairs. We will be discussing that with the agencies before we roll it out. I don't know whether we will have those results be shared or not. I think we want to beta test how accurate it is and whether we have the right factors there. But that's something that we're looking at.

Marcia Lewis: When you say performance review, performance of the counseling agency or performance review your staff?

Sarah Gerecke: The performance review is a term of art for our program and it involves that this audit visit out to the agency. It's confusing because you do call a performance review a personnel assessment. We do too. And so we're like, which performance review are you talking about? [LAUGH] But we call the performance review the 400 reviews we'll do in a year.

Marcia Lewis. Okay.

Sarah Gerecke: And if you do the math with 78 staff, that's an average of five or six reviews for every single one of us each year, which is quite a workload.

Glen Holmes: Yeah, this is Glen. When they come on site, it's a very collaborative but you definitely know you're being audited. But when they find something, it's about teaching of how to fix that problem. So it's been a great experience for us.

Sarah Gerecke: The goal is that both HUD and the agency are better for the review. So we also solicit feedback for what we could do better and we get it. The review can have observations where we think you can tighten this up and we'd like to see that, but it's not a compliance issue. The review can have findings. And the findings can range from your files are incomplete to we don't think you have enough money to operate because you've had a going concern funding in your audit for two years. If you don't fix that, we may have to terminate you from the program. So they're given 30 days to respond, 90 days to cure, and we work closely during the findings period.

These are great questions. Any questions?

Okay, so on research, we do have a page devoted to research and this committee has been very involved in looking at the research as it comes out. The most recent research that's been published has been from the HUD First-Time Homebuyers demonstration, a randomized controlled experiment that talks about who participates in having Homebuyer Education and

Counseling and why. And we've used those results to inform our awareness campaign and also to look at some of our policies around online education versus in person. It's been a very positive experience and we rely on a ridiculous number of agencies cooperating with us on this study as well in the research. I shouldn't say ridiculous number, I should know the number, but I don't remember that.

So lastly, and thank you for the time this morning, I just want to highlight a few other things you'll either hear about today or should know about. Housing Counselor Certification is something this committee has not gotten an update on recently, and we want to let you know how the process of certifying individual counselors is going and what that means for the industry.

Disaster prevention and recovery has been a very important topic to us, and we'll give you a highlight on the work that we've done to help counselors prepare for and respond to disasters when they occur.

And on the financial sustainability of housing counseling, we don't have a particular presentation today, but as I mentioned before, we're looking at public-private partnerships and integrating housing counseling in the mortgage process on an ongoing basis.

I do want to mention one activity that we've not shared before, the Financial Literacy and Education Commission, or FLEC as we fondly refer to it. [LAUGH] This is a body of 22 federal agencies that have met since 2000, at least 15 years. Any agency in the federal government that does financial education is part of this commission. And it is chaired by the Department of the Treasury and the vice chair is the head of the Consumer Financial Protection Bureau.

The current administration has undertaken what I would call FLEC-reform to look at how to make it more efficient and effective, rather than just a meeting every quarter where agencies sort of talk about what they're doing. And the OMB and Treasury have looked very closely at programs providing financial education literacy. And I would say that we've felt under a microscope in the process from all of the questionnaires and data we've provided, both on the cost of counseling, and the impact, and the results, and the data-driven policy aspect.

In its last meeting in October, the FLEC committee unveiled its principles for reform and asked me and Dr. Marina Myhre from our Office of Policy Development and Research to present on the counseling program as a model for what reform of FLEC should look like and how financial education should be thought about by other federal agencies.

It was very gratifying, and that presentation is on the FLEC website and Department of Treasury, where we talked about how we use data and education. We have been asked to continue in a leadership role on FLEC on the housing side of financial education. And we're very excited because, for example, they did a presentation by the Defense Department of the different financial literacy and education programs offered to service members, the National Guard, etc. And they're just wonderful opportunities for collaboration throughout. Many counseling agencies already do. So I did want to share that because it was not on our agenda necessarily, but it's been a really wonderful experience.

E.J. Thomas:

Working with the military, I would think you'd have the opportunity for almost a control group

kind of-

Sarah Gerecke: Well, interesting. If you care about this and want to go through, the military presented their studies using control groups of the impact of their educational programs, how they did that. They've been measuring data. It was a very, very interesting presentation.

Their standards are different and they're different by service and the way they deliver is different. How you do financial education for sailors is different from National Guard. So they have some differences.

E.J. Thomas: Sarah, is that a presentation that could be appended to everything?

Sarah Gerecke: I would be happy to share the link to that, so we will follow up with them.

E.J. Thomas: Thank you.

Terry Carr: Sarah, if I may, I think, from the perspective of the select committee,

Your name

Terry Carr. One of the things I feel like they've most keyed into about housing counseling was how well we use data to inform the way we implement the program. I think that in particular was something they'd like to see modeled in other agencies. The level of data we collect, the fact that we can tell you what kinds of services people are taking. We can tell you how many people we serve. We can tell you what benefits they gain from getting the service. I think that was particularly important. Particularly when you're in a budget environment where people need to demonstrate the effectiveness of their programs. I think the counseling really stood out in that respect.

Sarah Gerecke: And we have more work we can do for sure. I mean, it's very clear that as an industry with the private sector, we don't see the federal government partnerships with the private sector as much as we should. That there's opportunity to standardize the data collected and the delivery methods or at least share best practices more. So I think there is a lot of work to do on this, but it was a very interesting new initiative from the administration that I think will really bear some fruit.

And with that I think I just listed some resources at the end of my presentation. Our HUD exchange website for housing counselors, for professionals. Not just housing counselors, but also real estate lenders. We have members of Congress staff signed up for it. We send out a training digest every week. Many people know Jerry Mayer as the source of that email, and don't believe he's a real person but he is.

[LAUGH]

He really does send out those emails, [LAUGH] and loves it. We have a newsletter that I would like to encourage everyone to subscribe and read called The Bridge and Emelda Kennerly is our editor-in-chief. And with a lot of staff helping, and we try to highlight best practices as well as compliance. Trends and tips that we see. And then we have a lot of toolkits on that side to help

counselors do a better job. And always taking suggestions on how we can improve the materials we have. I believe at one meeting the committee had a little bit of an earful for us on the quality of our web presence, so we appreciate that. So with that, I think I'm going to stop for questions or discussion by the committee on anything that's been said.

E.J. Thomas: Anybody on the phone have any questions? [CROSSTALK]

Sarah Gerecke: Martin's the only one on.

Zachary Urban: Martin stepped away.

E.J. Thomas: He did. Okay.

Paul Yorkis: I did want to mention when you were, Sarah, when you were talking about funding, that I know Freddie Mac has supported Realtor education programs. The Realtor Housing Opportunities course. They have been excellent about funding that program.

Sarah Gerecke: Mm-hm.

Sometimes, by themselves, sometimes in partnership with other organizations. But I would be happy to forward to you what they've done in the past if that would be helpful.

Sarah Gerecke: Thank you, and just on that, HUD uses some of this appropriation to fund trainers who are a part of training organizations who will train counselors. And counselors are required to get continuing education training as well as the certification training that we talked about. The training providers are terrific national providers that offer courses in person and online and all around the country. And the opportunity is not just for HUD to try to do the continuing education but to see if some of our partners would like to do that also. We fund them, obviously, to train housing counselors. But I think this opportunity to train other industry members is a critical one. And then, conversely, to take the training. Now I know many counselors, for example, take MBA training on underwriting. I did. Or they will take some of the real estate continuing education, I did that too. So I think it's a terrific opportunity, and I would love to know more about that. Thank you.

E.J. Thomas: Any comments by anyone on the team? Questions? As I watched you go through the summary of each of those recommendations, I was thinking of all of the hours that all of us members of the committee and staff put in to try and design, redesign, vet, fuss over, debate, back to the drawing board. So I share that as you, so that as you slog through some of the things that you're going to want to do over these next two or three years, that you don't get discouraged. Because there is an end game, and you will get there. And I wouldn't say that any of us ever got frustrated. It was more of, as we got into some of the issues, you could see the daunting challenges associated with it. It's a funny thing, when you don't know much, everything is black and white. And it's really easy to figure out, okay, we just need to do this, this and this, and we'll be good. And then you dive down into it, it's like, ooh- [LAUGH]. This is just a little more complicated than what we thought.

Paul Yorkis: When one of the recommendations that was put forth related to consideration of creating continuing education classes and housing counseling for loan originators and real estate agents.

And I didn't know, because I am a newbie on this group, when it would be appropriate for us to further discuss that. And I didn't know whether it's now or later in our meeting today. So I just-

Sarah Gerecke: I think that right after our break, the committee is going to get to discuss these recommendations, ask any questions you have later in the day. You will also deliberate about what your priorities may be for going forward.

Paul Yorkis: So I may bring that up during deliberation.

E.J. Thomas: Okay. We're going to take a break then, all right. We are a little ahead of schedule, so, why don't we be back in here like 25 after, and that gets us back on the beam right at 10:30.

Sarah Gerecke: Okay good, thank you.

Paul Yorkis: Thank you.

BREAK

Committee Members Discussion of May 2018 Recommendations

E.J. Thomas: All right.

Glen Holmes: So I've got 150 people looking at that story, right.

Pam Marron: Are we on? [CROSSTALK]

E.J. Thomas: So think what we want to do is get back into the recommendations. I figured once we started, people would come in out of the hallway.

Virginia Holman: They're slowly coming in. I think we've got all the members.

E.J. Thomas: Yeah, right.

[CROSSTALK].

Okay, so everybody's filtering back into the room, for those who are trying to imagine what it looks like here in this room looking out over Washington D.C. We're now going to get into member discussion of the 2018 recommendations, facilitated by Sarah.

[LAUGH] [CROSSTALK]

Sarah Gerecke: Okay. You've heard at length, because the committee had lengthy recommendations, a number of recommendations that were made before, and this is now the committee members' time, including committee members on the phone, to discuss what their views are of these as priorities, useful, okay to skip, and I think we can have it as an open discussion. What we may want to do is just take a minute and go around the horn for each committee member to just put out a couple of things, and then open it up. So if it's okay, maybe Pam, I would start with you

and ask which of these speak to you, which do you think we should spend more time on, and which do you have questions about.

Pam Marron: Okay. The first recommendation that HUD should engage housing counselors to work with loan originators, I'm going to be making a presentation on that shortly. But exploring and clarifying the fee-for-service option and making sure that we clear RESPA criteria for that, so that we can do fee for option and basically better connect the loan originators to housing counseling. We'll go into the issue with that.

Sarah Gerecke: Say briefly, for those that don't know what the RESPA issue is, if you don't mind.

Pam Marron: Clarification is needed on why a fee-for-service such as a loan originator offering. It starts out, a loan originator refers a client to a housing counseling and the client pays upfront for the service. But then the loan originator through the fee-for-service option, gives credit back to that client when they go to their mortgage closing towards closing cost.

And in the criteria, it states that even though we do the fee-for-service where we promote we're referring the client to housing counseling, and we're going to pay for the housing counseling at the end, that there is a referral of three lenders that is required by the housing counselor. And that has been a stopgap not just for loan originators but also for housing counselors that are worried about that. And I understand, Sarah, that is a RESPA issue and getting this clarified so it makes sense so we can go ahead and we can we can forge better alliances. Getting clarification of that is important.

Sarah Gerecke: And I think RESPA stands for the Real Estate Settlement Procedures Act. It used to be administered by HUD and during the financial crisis authority for RESPA was moved over to the Consumer Financial Protection Bureau.

Pam Marron: Yes.

Paul Yorkis: Pam, could you be more specific on their clarification you're seeking.

Pam Marron: Pam Marron here. Why do we need to refer a client to three lenders when a loan originator is making the referral of the client to the housing counselor in the first place and agreeing to pay, compensate, for the housing counseling services that are provided.

Paul Yorkis: Thank you.

E.J. Thomas: Somehow, I think that Paul knew the answer to that question.

[LAUGH]

Sarah Gerecke: It may have some relevance for his sector as well.

Glen Holmes: It's a housing counseling issue as well. Because before I came down here, we were having the same conversation. We've got banks that want to work with us and want to be able to help support us, but because of RESPA, we can't find ways to make sure we can pass clients back and forth without having to wait for other options for them. We can put their name on the top of

the list I guess, but-

Sarah Gerecke:

And just to speak on behalf of the policy behind RESPA, I think are two factors that come into the rules as they are now. It's just important to understand so you can grapple with. One is that housing counseling fundamentally wants to teach people to shop for a home, shop for a loan, understand how their professionals are compensated, and wants to give the person the skills to do that. And making three referrals does not necessarily mean you don't go back to the person that referred you in the first place. But to prevent the counselor from saying there are other people out there, and you may want to shop for a product, a professional whatever. You could fire your professional I think as somebody has told me is an important element that HUD requires in terms of the skill sets that are expected to be learned.

The second factor that comes up, and this is a little a little more RESPA-related than the counseling side, is that there are prohibitions, and strong prohibitions, on steering clients for pay. So from the counseling side, we want to make sure that the counselor is independent and always working in the consumer's best interest. If the counselor is being paid by one lender, there is obviously a financial incentive for the counseling agency to steer, in air quotes, to that lender and HUD rules and RESPA prohibit the payment of what they actually term kickbacks for that.

Now RESPA allows, and I'm talking like I'm an expert on this. Please understand CFPB is the expert and I totally differ to them. Martin is also something of an expert I believe. But the RESPA concern about steering doesn't apply if the services provided are called bona fide services, and the fee compensates for services that were delivered that are of value. So demonstrating that the fee-for-service arrangement between a lender, a real estate agent, any professional and the counselor, are compensation for the benefit that that lender, that entity, gets in terms of the transaction is an important element. I don't recall if this has come up in this level of detail with this committee or not. So it's helpful to get the feedback and look forward to Pam's discussion. We have been in discussions with the CFPB very recently about clarifying how counseling agencies and lenders can make agreements that would not threaten either the lender or the counselor with an unexpected RESPA violation.

E.J. Thomas:

It sounds like under one set of circumstances, it's okay. The other set, it's not. I'm a little unclear. The nuance is so fine wine that I'm missing something there.

Sarah Gerecke:

The issue is around how do you prove that you're not steering. And how do you prove you're not getting a kickback for referring somebody to a loan officer. That's the fundamental issue.

E.J. Thomas:

Okay.

Sarah Gerecke:

And the fine line, as you call it, is if you're providing a bona fide service to the person paying you, it's not a kickback. In other words, they are receiving something of value more than just a marketing lead. And please correct me if I'm misstating this but that's how I understand it, and it is a fine line.

E.J. Thomas:

Is the "they" the financial institution?

Sarah Gerecke:

Well the person in the fee-for-service agreements would be the mortgage originator, financial

institution, whoever wants to pay for the counseling on behalf of the client.

- Paul Yorkis:** And one of the, it's critical to me that there be absolutely excellent working relationships between realtors, lenders and those individuals who are receiving appropriate housing counseling. And if a real estate licensee has the good sense to refer an individual to housing counseling, one of the concerns is, well now I've referred that individual, that family, housing counseling and that may have harmed me, may have harmed the licensee. So I think that the discussion that Pam has raised is a very critical and broad discussion because that expression, no good deed will go unpunished. We don't want to punish people for doing the right thing and in referring a person for housing counseling. So I think this discussion is really important and deserves some more exploration.
- E.J. Thomas:** Pam, could I explore that with you just a bit. Are there folks out there, to Paul's point, who are so unsure about this fine line distinction that they may pull their punch and not recommend somebody for counseling for fear that they're going to step on a mine. Is that fair?
- Pam Marron:** Yes.
- E.J. Thomas:** Okay. I think we are really onto something here, because if what we're wanting to do is to drive good policy that creates a good result, then we've got to somehow be able to jump that barrier.
- Marcia Lewis:** This is Marcia. From the perspective of someone who's totally outside of this field in terms of the work with loan origination and mortgage, would it not be a simple solution to always include the referring entity as one of the three that they would always be included as one of the three entities to be considered. So they know they're always going to be included in the final decision.
- Sarah Gerecke:** I want to have suggest that the purpose of our time right now somewhat is to lift up what your priorities are going to be as a committee and Paul's suggestion that maybe at a future meeting have a panel that can do a deep dive into this. I am very uncomfortable being the expert on RESPA in this table. I think ideas such as, who is included on the list? What does steering look like? And it does go to a fundamental issue of the broker and loan officer may be compensated for selling a home that may be more expensive than the family can afford or wants to afford. It may be something, and I'm just throwing this out as one example, of reasons why the interest on a line perfectly which is why you're here.
- Paul Yorkis:** Yeah.
- Sarah Gerecke:** Right? And figuring out would the policy behind it, as E.J. said, would be a great service to have in all industries. So thank you for raising that. Marcia, did any of the recommendations speak to you or were there anything you wanted to dive more into?
- Marcia Lewis:** Well, I'm thinking along that line of the continuing of counseling services. And as I looked at different recommendations that have been made, I could see where many of them can. And I learned more this morning, even from the discussion that you shared and from Mr. Garvin, in terms of the fact that we can also be considering renters for housing counseling, not just those that are seeking to become homeowners. Because in my world, I'm preparing people who may not tomorrow be homeowners, to think in terms of self-sufficiency and capacity building, to eventually become hopefully independent of my services and become homeowners.

And so as I looked at the different approaches other than perhaps the HECM, I thought about those types of things. And then I always am very interested in looking at ways to improve processing. So I know that, I came from the HUD world, so I know that some things are out of our control and in terms of issuing NOFAs, and in doing the funding, and timing, and the things that we have to work around, so I'm trying to think how, to some extent, I can work with the committee to understand how we can do some things that perhaps we can influence being better prepared.

Because we know, in my business, I think I shared, I have what I call routine emergencies. We know it's going to happen. We just might as well plan for the eventual worst, [LAUGH] and then hopefully have something in play, and you shared yesterday that there had been a two-year funding process at one point, and then that had not, and I think that that's something I had some discussions with in other areas that impacted us particularly during the shutdown. Talking with the VA and the services, the clients who a small hiccup can send them, either fearfully hiding or back to where they started, even though it may be attainable that they can do what they want to do, but sometimes just the smallest thing. So whatever we can do to prevent those hiccups from them getting the counseling services they need and then using those to go in the direction that they're seeking to go, I think is something I'm very interested in.

Sarah Gerecke: I'm hearing rental counseling,-

Marcia Lewis: Rental counseling.

Sarah Gerecke: Streamlining process fees, and improving the funding process.

Marcia Lewis: Yeah. Streamlining, streamlining, streamlining.

[LAUGH]

I figure as long as we're working with streamlining we'll always have work, unfortunately.

[LAUGH]

Glen Holmes: Sure. First I want to thank the people who came before us for some really great work. I mean this was really impressive and it seems like a lot has already been accomplished. Obviously selfishly the timing of funding is going to be my top priority. Sounds like it's yours too, so that works out well. And then looking at the list, it sounded like, from conversations, that number four, the \$50 fee to be put in, probably is not going to go very far, so maybe we make the decision not to. And the other one was around creating a pool with the outside donors. It sounds like some pretty big legal hurdles, and probably wouldn't want to spend a whole lot of time there. Besides that, I think the communication of getting what housing counseling is out there, in a better format, technology driven, always being more streamlined, would be the things that I would really want to look at.

Sarah Gerecke: Great. Thank you.

Paul Yorkis: Paul Yorkis.

Marcia Lewis: Excuse me, Paul? I'm sorry, can I just say something?

Paul Yorkis: Absolutely.

Marcia Lewis: This is Marcia Lewis again, and something you just said about the technology driven piece. The one thing I had some recent involvement with is with the CRA QA work that was being done on some lending institutions that were not really doing what they should've been doing in urban communities, and I raised the fact, and I raise it here on that point, that technology does not always have to be a laptop.

Glen Holmes: Right.

Marcia Lewis: And in the communities that I serve people do everything from their banking to their applications for any and all services on their phones. So learning how we can utilize, meet people where they are when it comes to technology. I'm sorry, Paul.

Paul Yorkis: No, don't apologize. I know we're going to have a presentation today on focusing more attention on increasing awareness and visibility of housing counseling. My hope is that that presentation will include targeting to the lending industry and the broker and sales person part of the industry. That's number one. I don't know what's in it, but I'm just sharing my thoughts in advance.

I've already indicated that the continuing education classes, or program, or certification, or the encouragement of real estate agents to become more knowledgeable about housing counseling and maybe even earn that license as a housing counselor. And the reason I share that is in the real estate industry there are many people who are both licensed real estate brokers and sales persons, and licensed real estate appraisers, and that wall between those two functions is a very high and very thick wall where, if somebody violates it they risk losing both licenses and I would indicate that may be a potential to have a similar kind of wall so that a person, maybe a counselor, but also maybe held a real estate broker or sales persons license.

And then my last comment, I'm sorry for making your list so long, with the distribution the funds from private funders to create a pool. I already mentioned the possibility of working with Freddie. But I try and dream big, if you will, and I don't know whether any of the private foundations would be interested in exploring, working with HUD, and the housing counseling function within HUD, to provide funding to expand housing counseling, especially in areas where it's not currently available.

Sarah Gerecke: So, just so I understand your point here. Are you saying you think we should take a harder look at the idea and reach out to funders, yes?

Paul Yorkis: Yes.

Sarah Gerecke: Okay, I wasn't sure whether you were skeptical of the idea or promoting it.

Paul Yorkis: I'm an advocate,-

Sarah Gerecke: Okay, thank you.

Paul Yorkis: Not a skeptic.

Pam Marron: Could I? This is Pam Marron here. I'd like to piggyback on something you said, Paul. When you were talking about education for the lending side of our business. I'm wondering if it should be-

Paul Yorkis: And the real estate side.

Pam Marron: And the real estate side. But in the mortgage side, we have EC classes. We have to take credits. We have them in any industry. And I'm wondering to provide the awareness of housing counseling, if there could be an insert of some kind of educational module into the originator and real estate EC course, just to let them know a little bit more about what housing counseling can do for these clients.

E.J. Thomas: That was one of the things I was going to pound away on as well. And I'll just kind of go down through my list here. First of all, the whole idea of the subcommittee I think is a really good one, Sarah. I think Pam's work really illustrates very well how receptive, because that was a subcommittee operating informally, if you will, without being a subcommittee. And I think if we're going to have that kind of work happening outside of what happens here in D.C., that giving it the right moniker is helpful. I think it gives the work of the committee more gravitas.

I think CE classes are absolutely essential, whether it's legal or real estate, or whatever. People cannot be expected to understand the value of housing counseling if they haven't been exposed to it. We have these fine line tripwires, where you can blow yourself up. So you add those two together and it's like, okay, I'm not going to do any of this.

So being able to address how best to steer clear of any problems with your license. Excuse me. And learn in the process how valuable this is to helping people be able to stay in their homes and be successful. I think it is something I hope that the committee will continue to work on.

Integrating the housing counseling and mortgage process seems so common sense to me as not to need conversation. And yet, we have yet to crack the code on how to make that happen across the board, some of which for the reasons I've already mentioned.

So and then my last one is the whole HECM default prevention issue is one that I thought Buz did a fabulous job of outlining for us. He foot-stomped that from the very beginning, because he'd worked with folks who had gotten upside down on some of these HECM loans. As the demographics of this country continue to age and technology continues to race along at a rapid pace. I have a dad that'll be 94 in a few months, and I mean he's doing email and so forth, but I will tell you he kind of steers clear of all this stuff and it becomes very confusing for him. Now you find yourself where you need some money. You get into some reverse mortgage situation. Somebody passes away. And next thing you know you're standing out in the street going what in the world happened. So I think that knowing that is happening out there, I think default prevention is something that I would like to see personally this committee continue to hammer away on, because in a few short years we'll be still out there going, okay-

[LAUGH]

Sarah Gerecke: I believe we have Martin on the phone, and I just wanted to see if he has reaction to any of the recommendations or wanted to mention any subjects that haven't been covered yet.

Martin Sundquist: Yeah. Hi. Thank you. This is Martin. I really appreciate the opportunity to weight in. Many really important observations have been made, so I won't repeat any of those, but I guess a couple that I'd like to emphasize. One, anything that we can do to increase the awareness and true understanding of housing counseling is something that I really support. I do like a couple of the ideas that emerged around that.

Secondly, activities that we can do to help strengthen the funding mechanisms for housing counseling, I think are of great importance. So whether that be some of the ideas that emerged around funding pool, which I know has/presents its own challenges to work through. For more opportunities to evaluate where it can come into play with mortgage products and the like. Those are of great interest and support for me personally. And in my experience, while there's been great efforts to provide funding to this important work, much more as needed. So I'd love to see both the awareness for those that we're asking for funding from increase, and that the ability to achieve funding through various mechanisms happens as well. So it was really happy to see a couple of those ideas emerging the recommendations. Thank you, Sarah.

Sarah Gerecke: Thank you. Let me just throw it open to the committee members. Are there any priorities or issues that are missing that you'd like to include on future agendas or put in the mix, at this point? You'll get more chances at the end.

Marcia Lewis: This is Marcia. I was going to say that right now, I'm not familiar enough and understanding enough of everything to say what I think is missing. But if between these meetings as we have conversations, or information is shared, we share that back to you?

Sarah Gerecke: Yeah, and the development of the agenda, as I said to you individually, we really, would like you to be truly independent, and what that means is actually empowered to set your agenda. So a lot of feedback you will hear from us is really around what's realistic and actionable, just so you know. As Afreen said yesterday, sometimes you need a little idealistic and bigger vision than not being bound by the constraints that HUD may feel itself in. So I don't want to hamper or narrow your thinking in that way, but I also want you to know what we feel we can and can't do it at this time, and welcome you to push back on that.

But we will have time to discuss that later. We're going to have some time at the end for the committee to talk about what it would like to see as the next step. So thank you E.J. for the opportunity to let me facilitate this discussion. I think that HUD is paying these committee members just an exorbitant amount of money for being here and [LAUGH], and we've gotten our money's worth [LAUGH].

E.J. Thomas: Sarah, this is E.J. One of the things that I was thinking about as we were going around the table is that Pam and I and the others, you get into a circular discussion. You put your issues, your priorities on the table. You discuss them at length. You come up with a plan. You put it into recommendation in recommendation form. And so the fact that we've got new blood on the committee, there will be different ideas that come to the floor, and if we think about it in construction terms, bricks and sticks built on top of each other. So that just struck me as we

were listening here. So yeah, I'm real tickled about how things I think will go forward.

Sarah Gerecke: Great, yeah, me too. At this point, I think we have some more briefing for you and updates, a little deeper dive into three topics that I think are you'll find very interesting. Counselor certification, awareness and visibility, and our disaster assistance and response team. And so with that, if it's okay Mr. Chair, I will turn it over to Jerry Mayer who has a presentation.

Briefings on Initiatives of Office of Housing Counseling

A. Counselor Certification

E.J. Thomas: Jerry Mayer is a real person. [LAUGH] Although they make him do his own name tag when he comes in.

Sarah Gerecke: Right.

E.J. Thomas: Oh you got- I was looking at your table tent.

Jerry Mayer: Oh, thank you E.J., and thank you to the committee for the opportunity, an invitation to present here today on housing counselor certification. We very much look forward to the advice from the committee on how we're doing, and how we move forward. For the benefit of the folks at home and, I don't usually read PowerPoint slides verbatim, but in this case, this one is important. So, I want to make sure the definition is correct.

So what is housing counselor certification? And what it is, is housing counseling required under or provided in connection with any program administered by HUD shall be provided only by organizations and counselors certified by the Secretary. And a HUD-certified housing counselor is a housing counselor who has passed the HUD certification examination and works for a HUD-approved housing counseling agency. And this will be effective on August 1st of 2020.

Now, there are other HUD programs that could be affected that we've identified. But this list is not entirely inclusive and could change as different programs are created, or decide to participate in this certification, or discover that they maybe fall under it.

But the major program from our community planning development office is the HOME program. And very often we see down payment assistance. That requires a certain amount of home buyer education and counseling in order for the client, who will soon be a mortgagor we hope, to obtain that down payment assistance and make that purchase affordable. And anyone purchasing units developed with HOME funds could also fall under this program.

Under Community Development Block Grants, or CDBG, paying for housing counseling is possible. And also when the program requires that kind of assistance, that housing counseling assistance, is also part of our program.

Other programs that could be affected in Public and Indian Housing are Family Self-Sufficiency programs and homeownership voucher programs.

So housing counseling certification is basically designed to improve the standards for housing counselors. Professionalize the program, give them the kind of license that other industry professionals in real estate currently have. Everyone has a license who comes to the closing table, for instance, your appraisers, your real estate agents, even the title person who sits there has some sort of certification.

Up until now housing counselors, or up until recently, did not have that opportunity. After the foreclosure crisis it was recognized up on the Hill that this is an area that needs to be standardized, and improve, and be professionally certified, largely in recognition for the really heroic role that housing counselors played during the foreclosure crisis. So we're very glad that this is now coming to fruition.

Housing counselors must meet standards and the way that we're going to do that is through testing of course. And we want to also raise visibility amongst consumers. We would love for consumers to be given the message to ask for a HUD-certified housing counselor at a HUD-approved agency, and thus have great faith and confidence in the quality of the product of housing counseling, and know that that housing counselor is an independent and trusted adviser who will put their interests first.

Now the certification exam. We launched it back in August 1st of 2017. There is a compliance requirement that by August 1st of 2020, all of our HUD-approved housing counseling agencies must have at least one HUD-certified housing counselor on board.

Now in this slide, we say that there's about 775 counselors certified through April of 2019, but I asked Robin Penecke, who is our team leader on housing counselor certification, to give me some updated numbers as of yesterday, May 21st, and now we have about 802 certified housing counselors working at HUD-approved agencies. And to expand on that, approximately 403 agencies or 23% of our total number of agencies currently have HUD-certified housing counselors working at them. We have 12,469 people who have registered on our website, and they are studying and taking the practice exam, and hopefully will take the certification exam. We don't know that they are all housing counselors. Some of them could be a real estate folks, some of them could be lending folks. But as of right now, the way the rule is written, only those working at HUD-approved housing counseling agencies will receive that certification.

Now the way they get certified is the agency itself designate in FHA connection coordinator. That's the system that does the actual certification process for us. And 232 agencies now have FHA connection coordinators. Which is a tremendous advance on and help facilitate the process greatly. Now in order to become certified, a housing counselor has to pass an exam that covers six major topics, which is covered under the enabling legislation. And those six major topics are financial management, property maintenance, responsibilities of homeownership and tenancy, fair housing laws and requirements, housing affordability, and avoiding eviction and foreclosure.

Now the way that the exam is taking us through our contractor who maintains the site for us, that's Bixal, and they also work with Criterion for the proctoring part of it. These are all proctored exams. The exam is available in English or Spanish. The housing counselor only need

pass the exam once. There is no continuing education requirement for the housing counselor to maintain their certification. However, in the context of a performance review or the audits that we've been talking about earlier, we do require that the housing counseling agency show evidence that housing counselors have been taking continuing education courses, to maintain their professional certifications, different from this, and also to show that they're up to date on the latest housing counseling techniques.

Now, on Hudhousingcounselors.com, which is the website maintained by Bixal, there are free training modules that housing counselors can avail themselves of. And there's also a free practice exam. And what we recommend to housing counselors is that they take that practice exam as many times as they feel necessary. There's no fee for it, and hone their skills there, before they pluck down the \$60 that they must pay to take the actual certification exam at home, or \$100 in person at a live proctoring center.

Now, they can take that test multiple times if they need to, but they have to pay a fee each and every time. And that's why we emphasize that practice exam. Because if they hone their skills there, and they study and avail themselves of the many courses that are provided by our training partners, we feel that an experienced housing counselor should be able to pass that test quite handily.

We have had some counselors who have taken the test multiple times, and when we detect that, we usually reach out to them and give them a little coaching and hook them up with some courses, so that no money is wasted. We prefer to see any money in this program go to counseling, primarily, but we know that they have to get through this certification and so, we want to minimize the number of times they pay that.

And that's pretty much it for the update on certification. So if you have questions, I'd love to field those.

Marcia Lewis: Jerry, this is Marcia Lewis. I have a question. So, you receive a report on some consistent basis on how many people are signed up, or it's just something that is just checked kind of on an on-going basis.

Jerry Mayer: We pull it on demand when we need it. But as we get in to the final home stretch, the final year of this, we're concerned that housing counselors take the exam. The uptake grade on this for the first two years, as you can see, has been 802, and with 12,469 registered, we are worried that there'll be a rush at the last minute.

There is a natural human tendency to put off 'till tomorrow what you don't have to do today, and I'm really looking for some advice on how to increase the uptake rate, because we don't want to see a crush at the end. The system that we designed through a Bixal, our early specification was that it should be able to handle and not crash up to 10,000 people all at once in the system at the same time.

I don't want to see that on August 1st of 2020 at 11: 59 PM, which often happens in other programs. So, getting the word out to get this done now, and be an earlier adapter than August 1st of 2020 is some advice that I'm really interested in.

- Virginia Holman:** And we have seen that some of the intermediaries, like the Pennsylvania State Housing Finance Agency and the Virginia Housing Development Authority, are actually providing their network with incentives to pass the test.
- Jerry Mayer:** There are some beautiful best practices out there. Pennsylvania and Virginia, like you say, are really industry leaders in this. We have a couple of other intermediaries that are now developing strategies to certify their entire network of counselors in one throw, which we really like. Some of the intermediaries have already done that, and also represent good best practices to draw upon. Yes.
- Pam Marron:** Jerry, this is Pam Marron. A question for you, of these six topics of testing, does the educating about credit, is that in the financial management module, or where would that be?
- Jerry Mayer:** I would say that that is appropriate for where it would be, yes.
- Pam Marron:** Okay so, if we could look at the training module to see how deep the credit piece is, because frankly, I didn't even know what the NFCC was before I came to this committee. And they are like the deeper dive of credit. So for, in the mortgage industry, credit is everything to what we do. And the majority of our clients that have issues, it's about credit. So, knowing what this module has available and then the additional work/help we can get from NFCC counselor as well. Could we look at this module ourselves?
- Jerry Mayer:** Oh yes, absolutely.
- Pam Marron:** Okay.
- Jerry Mayer:** Any of the committee members, or anyone at all actually, can go to hudhousingcounselors.com and sign up, and avail themselves of the training modules that are there. And even if you are inclined, you could take the practice exams.
- Pam Marron:** Okay.
- Jerry Mayer:** And test your skills.
- Pam Marron:** I will do that. Thank you.
- Jerry Mayer:** Yes.
- Paul Yorkis:** I've got a few questions and I'll try to go in order of your presentation. First of all, while I was happy to see that even if a person passed they had to be associated with the HUD-approved housing counseling agency, which would prevent freelancing. So I thought that's was a great idea, so thank you for doing that, whoever's idea that was.
- Jerry Mayer:** And Paul that's based on the real estate broker agent model actually, that an agent has to hang their license in a broker's office.
- Paul Yorkis:** Great model. [LAUGH] If you could, and I may be getting too deep into the weeds, under the Community Development Block Grants, you've got two bullets. If you could explain the

difference. Paying for housing counseling was one of the bullets. And the other bullet was when assistance requires housing counseling. And I didn't know what the distinction was.

Sarah Gerecke:

That's a really great question. And I think we can work on our bullet a little bit to explain it better. But again, the context here is that, if HUD programs are used to support or require housing counseling after August 1st, 2020, they must use a HUD-approved counselor working for a HUD-approved agency.

So, in the CDBG program, that can come in two ways. The first way is that the City of Boston decides to use its community development block grant to fund local groups to pay for housing counseling foreclosure prevention as the city of Philadelphia does. They are permitted to do that under the block grant program. After August 1st, 2020, they can only do that with HUD-approved counseling agencies and HUD-certified counselors. That is a change for many CDBG recipients. And again, it's been a challenge for Jerry and his team to get the word out to agencies that aren't in our program already, that this may affect them.

The second is that some municipalities also use CDBG funds for down payment assistance. And if the down payment assistance requires housing counseling, which it often does, then that must be an HUD-approved agency and a HUD-certified counselor after August 1st.

I'll just put a little asterisk there. There is an opportunity right now for partnerships to be created between HUD housing counseling agencies, housing authorities, home and CDBG jurisdictions, because they will need HUD-approved counselors to operate their family self-sufficiency program. Their Section 8 homeownership program or whatever it's called now, and their down payment assistance program.

Paul Yorkis:

Thank you. I want to follow up on Pam's question about the six major topics and I was wondering, and I will go online, but where is the how to purchase, how to select an agent in one of those six topics?

Jerry Mayer:

I would say it's probably touched on in a couple of topics. Housing responsibilities, responsibilities of homeownership and dependency, touch on that to a degree. But the reliance on licensed real estate professionals is a theme that we find throughout the six topics.

Paul Yorkis:

In a prior discussion I had with Sarah, when I teach the first time home buyer course that's approved in Massachusetts, I explain to people not only how to select a licensee, but also how to terminate a relationship with a licensee who is not doing their job for their client. So I am concerned about it because from my experience, limiting it to my experience, many first time homebuyers have never hired anybody to do anything. And it's really important from my perspective that we help them understand how to hire somebody, but also have to terminate a relationship if that hire isn't doing their job.

Jerry Mayer:

Exactly, and you kind of touched on sort of the critical factor of housing counseling, that independent advice that helps the consumer make those kind of informed selections. So making sure that our counselors are certified in these six major topics helps us get there.

Paul Yorkis:

Thank you very much.

- E.J. Thomas:** Okay, then if no further questions.
- Sarah Gerecke:** Is Martin on the phone?
- E.J. Thomas:** Martin, did you have any questions? If not, we will roll to the next presentation here. Awareness and visibility.
- Martin Sundquist:** Yes, none from me. Thank you.
- E.J. Thomas:** Thank you Martin.

B. Awareness & Visibility

- Terry Carr:** Okay, I wanted to talk to you a little bit about awareness and visibility.
- E.J. Thomas:** And you are or?
- Terry Carr:** I'm Terry Carr.
- E.J. Thomas:** Thank you, yes.
- Terry Carr:** I'm Terry Carr, and help in the Office of Housing Counseling.
- E.J. Thomas:** {INAUDIBLE} and Sargent-at-arms [LAUGH].
- Sarah Gerecke:** Glad somebody's playing the role.
- Terry Carr:** Try to help with policy and messaging, and obviously awareness and visibility is a high priority, one that you all brought to our attention and one that The Wall Street Reform Act brought to our attention. I think we all recognize the important of making sure people are aware of the kind of services that are available through housing counseling.
- For some of you this will be a little bit review, so forgive me. There are new things that we'll talk about more at the end of the presentation. I just want to start with the effort to increase awareness and visibility. First of all, we've been using, we've got support on this, a contractor called Creative Marketing Resources. They're absolutely excellent, and their leader is in the room. So as I walk through this presentation, I don't want to take credit for things that have really been brought to us with a tremendous amount of support.
- Our goals for this effort have been to increase stakeholder awareness of housing counseling services, to positively change the perceptions of housing counseling services, to motivate behaviors that lead to acquire housing counseling, and to partner with stakeholders so they can more effectively disseminate information about housing counseling. Next slide.

So we've kind of got a two-part process here. Research, which is done by CMR. And then the second step is message development which is developing our collateral materials and then dissemination of those materials. Flip to our research. Next slide.

So from the perspective of research, the first thing that we did is we did some focus groups. We had 25 focus groups among a wide variety of stakeholders. So the stakeholders included realtors and included lenders and included federal agencies like the FDIC, it included Fannie Mae, the Federal Reserve. And it included consumer groups and housing counseling agencies themselves. So we tried to talk to everybody who had a stake in some way in housing counseling.

We also did surveys. We mystery-shopped 14 HUD-approved housing counseling agencies. And then a communications audit was done of all housing counseling materials and of HUD and the perceptions of HUD. So when we say the communications side of it, we're looking at brochures, we're looking at speeches.

We're also looking at what's being said in the media about HUD, we're looking at what's on websites, we're looking at what's happening in social media. So we tried to just look at the whole thing and see what are people saying about HUD and about housing counseling.

And here are the major findings that came out of the research. There's a negative perception of the term "counselor". When you say counselor, people think you have a problem, right? So you get counseling when you're having problems in your marriage. You get counseling when you're having other kinds of emotional problems. And that tends to be a little bit of a barrier to using housing counselors. So that's one thing that was identified.

One of the other findings is that impartial advice is highly valued. So the idea that you as someone looking for help with how to find the right home or how to make good decisions with renting a home. That there's impartial advice that's available to you, that idea is highly valued.

HUD. HUD kind of acts as a good housekeeping seal of approval. So people trust it. It's more likely to be trusted and perceived as trustworthy if somehow it's associated with HUD.

Okay, and then stakeholders have distinct value proposition. So lenders, realtors, consumers, all want something different out of housing counseling. They value housing counseling for different reasons. And if we're going to be effective at disseminating the message and getting people to raise the visibility and actually use the services, we're going to have to drill down more into those different value propositions and make sure what we're doing speaks to those.

And then the last is there's a general lack of awareness of housing counseling services. I know from my own experience, I bought my first home about 15 years ago. I am one of the first people in my family to own a home. I had no idea housing counseling existed. I just got lucky. I bought in early 2000 before all the craziness happened. So, I made a good decision and it's been the best financial decision I've ever made in my life. But I do know I talked to some friends who bought after me. They bought when they were younger. They used down payment assistance. And so they got into the process of building equity through homeownership earlier than I did because they knew about resources that I didn't know about. And had I known, I would have bought it at 25 instead of 35, all right?

So these are the sentiments from the third focus group. Housing counseling is the best kept secret. I wish I had known about this. I didn't know these programs existed. There's a perception that housing counseling is primarily for low-income individuals. We need to get in front of consumers when they first start thinking about buying a home. And HUD is Section 8.

So you see a variety of perceptions there about housing counseling and about HUD. Some I think are useful to us and some I think are perceptions that we want to address and combat as we work through our awareness and visibility.

Should I stop and take questions or should I go all the way through the presentation?

E.J. Thomas: I just want to make a comment.

Terry Carr: Okay.

E.J. Thomas: There's a whole issue about this is for low-income individuals. I think that's a foot-stomper there.

Terry Carr: I agree.

E.J. Thomas: Home ownership is a complicated endeavor.

Terry Carr: That's right.

E.J. Thomas: And I think if we were able to get across the fact that making transitions to homeownership is complicated, that tends to eliminate that statement of it's for low-income.

Terry Carr: I totally agree, and I think that some people underestimate how complicated it is. And they underestimate some of the problems that can arise if you don't understand what you're getting into. Especially I think when you're dealing with first generation home buyers. And I think that's a lot the case these days. So, I think that's really important and I do think we can have further discussion about how we might address some of those challenges. I think some of the shifting the way we talk about the service, I think that we can talk about it differently and that will help to combat that perception. Yeah.

Paul Yorkis: I'm really enjoying what you are sharing with us, but it's caused me to ask a question that I know in Massachusetts there are 351 cities and towns. And in most, not all of them, they have the Housing Authority. Is there the requirement that at least one person in that Housing Authority be a HUD-certified counselor?

Sarah Gerecke: No. As of August 1st 2020, the Housing Authority offers Family Self-Sufficiency program, one program, or Public Housing to Homeownership program, they will have to use a certified counselor and a certified agency. That's an opportunity for housing authorities to become HUD-approved or to partner with existing HUD-approved agencies, and many do. We have a decent number of housing authorities in our program, but many more will be affected by the rule change, and then you'll see more.

Marcia Lewis: This is Marcia, and it's so funny you raise that because I sent a message back to my community

outreach person to say, is our SHAPE program, are we using a HUD-approved counsel, who are we using? We've had at this homeownership program, way before I got there. And I leave this meeting to go to an industry meeting, where I'll be doing training. And I'm on two different industry boards with both multifamily housing and with housing authorities, and I didn't know about this until just now.

Sarah Gerecke: We've been to a couple of NAHRO meetings, for example. And we've certainly briefed our public housing staff here at HUD occasionally, but awareness is a huge issue. But, I'm sorry, you were just getting to that.

Paul Yorkis: No. Another aspect that earlier today could have been in our informal discussions yesterday, we talked about people who receive Section 8 vouchers and they work with their local housing authority, and how to help individuals who may be eligible for homeownership to use that Section 8 voucher towards a purchase. And that's why I asked the question, and I don't know the answer to the question, but I am concerned that the smaller housing authorities don't have the resources to work with those individuals who are receiving the Section 8 resource, and help them break that change, so to speak.

E.J. Thomas: I think that's something that we can continue to discuss, I want to try to stay on-.

Paul Yorkis: I'm sorry.

E.J. Thomas: No, and valuable input clearly. I want to make sure that Terry has a chance to finish and that we stay on time. So let's hold those thoughts and we'll jump into them either offline or-.

Terry Carr: We took all that research and we started to apply it to some messaging and marketing campaigns, so the next phases in message development and dissemination. Next slide.

So the first thing we thought we needed to do is have a visual identity for the Office of Housing Counseling for housing counseling services. And our goal was not as this would just be for the Office of Housing Counseling. But we did sort of standardized the look and feel of how housing counseling services are developed across agencies. So we developed this roof top, this is the Office of Housing Counseling. And we developed a suite of brochures using the same graphic elements. So the next slide please.

So here are our consumer materials. We're going to bring some of these up in the afternoon so you can see the printed copies, it's hard to have an appreciation for them from there. But we developed a variety of different suites of brochures. We developed a suite of brochures that agencies can use to reach out to renters. We developed a suite that they can use to reach out to homeowners. We developed a suite for general housing counseling. And so our goal was that any agency that wanted to use HUD's material to reach out to consumers would be able to do so. And that as we are more effective in encouraging agencies to use it, all agencies will begin to use the same kinds of materials. And in that way, they look, what housing counseling is and the services, will begin to have kind of a standard look and feel. And it's our hope that that standardization will lead to higher visibility and more awareness. Next slide, go ahead.

Pam Marron: Okay are these online?

Terry Carr: Yes, they are online. We have more consumer materials, a poster. Many of our agencies are putting this in their offices. They're, of course, using them when they do homeownership fairs. We've developed some videos. One, dare to own the dream. A second one, the videos are about the homeownership process. They are on HUD's website. We've launched some social media campaigns. All of this is just collateral material, and you can see, so the prominence of the rooftop. You can see the primary colors. You can see the standardization in the graphics and in the font that we're using. All of it is just designed so that whenever you see this material, you think housing counseling and you think HUD housing counseling, right?

E.J. Thomas: That's great.

Paul Yorkis: Excellent.

Terry Carr: Okay. The creative work was done by Creative Marketing Services.

E.J. Thomas: Thank you, Jacque.

Terry Carr: And I just want to make sure, yeah, because they did beautiful work. More consumer material. We did the materials in different languages as well. So we've got many of the brochure suites are in Spanish, and it is our plan to do a large list of different languages, because agencies now deal with different populations. And so it's not just English, we've got English and Spanish, and we're in the process of developing many other languages.

E.J. Thomas: Okay

[LAUGH] [CROSSTALK]

Paul Yorkis: Do you have that list of languages, the prioritized list?

Terry Carr: Yes, I do that list, I can give you.

Paul Yorkis: Would you share with us?

Terry Carr: Absolutely, yes. I can do that.

So, with the materials we've sent them to all the agencies more than once. They are on our website. We have distributed them to HUD Field Offices, we've distributed them to HUD Field Office Directors. We've made sure single-family has them. So we are in the process of distributing that material, and we'll continue to. We've also begun an effort to train agencies on using social media and to increase our own use of social media. So, now that we have the right look and feel, we're starting to try to push it out. We are providing social media content to OPA, the Office of Public Affairs, and HUD on a regular basis.

We're going to start the same effort with doing that with our agencies and with third parties. So we're going to start trying to push the message out.

Paul Yorkis: So are you in the position to share that information with the members of the committee when you push it out?

Terry Carr: Yes.

Paul Yorkis: So that we can also push it out?

Terry Carr: Absolutely.

Paul Yorkis: Or is that.

Sarah Gerecke: You'll need to friend HUD on Facebook and we'll give you the right Facebook site to do that.

Terry Carr: Right, but I think I could send them content directly. Yes, I can send you content directly.

Paul Yorkis: That would be great. Thank you.

E.J. Thomas: All right.

Terry Carr: Next slide. So I'm just going to run through the key accomplishments. We did a lot of research. We developed message. We developed collateral materials. And we're beginning the message dissemination. In addition to the things I've talked about, social media and sending out materials, we've got some activities. Sarah mentioned those earlier, and I only am going to mentioned them again, because we see them as key part of the message dissemination.

So this idea of acknowledging 50 years of housing counseling, and holding a panel conference on June 26th, to talk about that. We've got three panels planned. One called maximizing the value of housing counseling. The second is called the changing face of the consumer. And the third is what's on the horizon for housing counseling.

So we're just going to explore some hot topics in housing counseling. You of course will all be invited. And in fact I would probably like to find the time to talk to you about who you think we should include. Particularly from the groups that we don't reach as easily. So from the realtors and from the lending community. Who do we need to have in the room to have this discussion about housing counseling?

The last panel is really about the future of housing counseling. When we hope to hit some issues around sustainability, in terms of funding. We hope to hit some issues around technology. And I think our partners can be particularly useful in that respect. So that's what we're going to do on the 26th.

At the beginning of the month, Sarah mentioned, that we are going to be part of HUD's Innovative Housing Technology Fair. It's a real compliment to us that HUD has asked us to participate, and that we're going to host a booth, and it's a great opportunity to elevate housing counseling. We're going to be inviting agencies from the D.C./Maryland area to come and staff the booth, so it'll be an opportunity for agencies to reach out to consumers. It will be an opportunity for OHC to demonstrate the value of housing counseling.

We are training housing counseling agencies in the use of social media. And we're going to hopefully by the end of the year launch an effort to reach out to key stakeholders, Fannie Mae,

Freddie Mac, realtors, and just talk to them about what we've done so far. And talk about how we might work together to increase awareness of housing counseling.

E.J. Thomas: I think what I see in all of this is what could be perceived by those outside of housing counseling as just another yawn program. And this is taking it to, the way that you are packaging it up, thank you Jacque, this is going well beyond, going well beyond yawn, to wow, this is a value to a lot of folks that we hadn't thought it was a value to, like, I don't know, me, when I go buy a house.

Terry Carr: Exactly.

E.J. Thomas: So, yeah.

Sarah Gerecke: And the committee should pat itself on the back, because it raised the awareness-

Terry Carr: Absolutely.

Sarah Gerecke: Issue that led to us contracting with CMR. So this is very much connected to your interest.

Terry Carr: I think there's another slide. [LAUGH] Next slide. So I've talked about most of the stuff on this slide. The one thing that I have mentioned is the concept of marketing. You should just think of that more as using social media and marketing to elevate housing counseling. In that area we're kind of trying to look for bloggers who might be able to help us talk about housing counseling. So there's a whole movement, particularly among millennials and folks younger about being financially independent, about making good financial decisions. And so trying to identify some of those folks and see if we can't get them to talk about housing counseling as a way to just spread the word about the value of the service.

We're also going to be focusing on redoing the hud.gov website so that it is more consumer focused. That wraps up everything from the research, except there was one idea, and that was the idea that "counselor" is a barrier to people using the service. Next slide, please.

And so we have been exploring whether it's possible to change the name. This is one of those things that you think would be easy, [LAUGH] but the name is part of the statute. And so for HUD to change the name we'd have to actually pass legislation, which is never easy. So we've been exploring these strategies, can we change the name of the program office? Is it possible for our name to stay the same but to strongly encourage agencies to use a different name? How do you do this? And then even if you decide you want to do that. What do you change it to? Lots of people like the term "advisors", but that term is what financial advisors use. At times it carries a legal responsibility in terms of fiduciary responsibility. That's not the case for counselors. So it's something we're still exploring, and it's not as easy as it seems on its face, but we do understand the impact, right, that it can have, yeah, if we're able to do it.

E.J. Thomas: You almost have to turn it around, like, empowerment through housing counseling. Counseling in there, but empowerment says a totally different thing-

Terry Carr: Than just plain old-

- E.J. Thomas:** I recognize the challenge that you've got there, especially around the statues.
- Terry Carr:** Exactly. So that concludes the presentation, so there you go.
- Pam Marron:** We had discussed possibly the word coach, was that-
- Terry Carr:** That is still on the list. Coach is definitely a word that people like.
- Sarah Gerecke:** Just to add, we don't mandate what agencies call themselves. Many agencies use different terms already. But again it leads to a little bit of the fragmentation and the confusion with the consumer. We have an opportunity with certification to really think about what should the name be. So it's something that we've been stewing about.
- Terry Carr:** That takes care awareness and visibility.
- E.J. Thomas:** All right. Thank you very much. Now we're running behind here. I know Pam is up so Ginger has 30 seconds.
- [LAUGH].

C. Disaster Assistance and Recovery Team (DART)

- Virginia Holman:** Well I do talk fast. As Sarah said, I have a number of hats. The other hat I have is that I'm the team leader for a Disaster Assistance and Recovery Team. And this is an activity of the office that has evolved considerably since the office first started. I remember the first time we talked about it in OCD, there were a couple of hurricanes, and Sarah said let's reach out to our counselors and see what they're doing. And mostly it was, we're not doing anything.
- And so, as I said, we've evolved to the point now, where we're a substantial partner at HUD on disaster issues. We're working with FEMA, again, as OHC, not necessarily HUD. So we really, I think have become a major player in HUD and looked to for what we can do. Which means our housing counselors are getting there as well.
- And, our mission is that we want to prepare the housing counselors to handle a disaster. What do they do in a disaster? And to build their capacity. Their focus is training and technical assistance.
- We also monitor the response and recovery activities of agencies that are impacted by a disaster. And this is any level of disaster. Whether it's a local flooding or whether it's another Katrina. So all those, there's no defense that we don't think our counselors should be able to deal with.
- Again, we participate in a team of teams. We've been talking on other parts of HUD about policy improvements and program improvements in how HUD looks at disasters. Back to Terry's group, producing awareness and visibility materials, because if they don't know about counseling in general, they certainly have no idea that a counselor can help after a disaster. And we, just like

all HUD things, we gather data.

But we really think educating and supporting the counselors. And teaching them to deal with the clients. We include training on planning and preparing for emergencies and disasters, again, at all levels. Something that's beginning to be a major focus is helping them know how to prepare a continuity of operations plan. Because most of them have never done that, about what do we do if we have a fire in the office and we can't get in? So that's getting built into a lot of our programs as a requirement that they have one.

We teach them how to respond after a disaster and we talk about the different recovery efforts. One of the things that we have established is we do have a protocol for the team who are after disaster and at this point, the protocol primarily focuses on a disaster that's been presidentially declared.

But we send out a SurveyMonkey to the agencies that are in area that's been impacted, as get at, how are you doing? Did you have to close? What's happened to your staff? Will you help other people? And that's becoming an invaluable piece of information. I know when Sarah went down to Puerto Rico on one trip, we were able to get a special report for her from the agencies down there, that was really very important.

So we're looking at what we're doing before an emergency, when we know that one's coming and there's so many levels, as we're trying to proactively reach out to the housing counseling agencies and say, We've been looking at the weather report, something might happen, you probably need to get prepared.

But up until that point, we we're also working with our training partners, as well as the HUD staff to put on training. We have on the HUD Exchange page a whole page on disaster resources. I lost my train of thought for a moment. But, our office gives training on webinars but our four grantees also give training.

But then, after the emergency declaration and again, we're talking about the presidential one, we send out ListServ, Jerry sends out ListServ, [LAUGH] announcing the declaration and giving the agencies guidance as to what our policies are relative to what they can do and can't do. We monitor the impact, and I said, we send out the SurveyMonkey. And we send it out initially, we give them a week or two to sort of get their act together, and then maybe, in three or four weeks, send it to him again to see what's changed.

We try to partner with agencies that are serving a disaster, when they're in FEMA's Resource Center. We try to see if there could be a counselor there. At least the materials. And one of the thing, as I said, some of that stuff is focused that it has to be presidential to be able to do those surveys. But when we hear of an agency who, we had one just recently that had a fire or something and so we sort of got the same protocols in place from the POC there to see what we could to help. I found another one who needed training on doing this, one of the Midwest agencies.

So we have come up with a definition of disaster assistance counseling. And this is another way disaster assistance has evolved, because it's now being incorporated as an activity in future handbooks, a reporting system. Because we found agencies needed to have numbers of people

that they have helped if there trying to get funding, and we have no way to collect that data. So we're trying to collect the data. We're getting the definition in our forms, in our handbooks.

But it says it includes all the traditional education and counseling services, where the need for the services is created by a disaster, either pending or occurred. A disaster may be a natural or man-made event that is local, regional, or national in scope. These services may be preparedness on pre-disaster or recovery post-disaster. And the housing counseling agencies can offer these services through group workshops and/or one-on-one counseling. And the duration of such housing counseling may be short or long-term.

I've got to tell you, the office spent a lot of time negotiating this definition so it met everybody's needs. I think one of the important things is that the counseling is often long-term, because there's so many phases of the recovery. One of the webinars that one of our training partners did is on PTSD, how to get their clients to know how to deal with the trauma.

Okay, we've got four, at this point, four training grantees, and they've all included disaster classes in their catalogs, NeighborWorks, UnidosUS, NCRC and RCAC. And they find that they are very, very valuable. And we like to see that, and we track how many classes they give. And again those classes are supported by our training grants in the sense that the grant provides scholarships to the people that want to attend them.

We do have some other training partners, Counselor's Corner, who just changed their name. And then our other federal agencies offer classes. We work with FEMA on some other classes, so you can see that training is really very important to us. Next slide.

Our major disaster resources, as Sarah and Terry both said, we're developing a lot of toolkits. And we do have a disaster recovery (have I run over my 30 seconds), disaster recovery toolkit, which is the pre-disaster and then the recovery part. It takes them through the whole process, gives them forms, suggestions, outline for the proof is there. Then we just, news and resources. We just keep a current list of disasters, other news, programs that might be out there. And then we do have disaster recovery flyers. Next page, looks like they're not on there. I think that we will be in the pile that bring sounds. But what we found as I said that not only counselors don't know that they can help after a disaster, but the community doesn't. [SOUND] A cricket?

E.J. Thomas: That was for me, I'm sorry. That was not for you. [LAUGH]

Virginia Holman: So the flyers explain how a counselor can help them in a disaster. And there is a multitude of languages. They're also available online. So we're very proud of our activities and the evolution as this program at OHC and at HUD. Are there any questions? Yes. You have a question.

Sarah Gerecke: We love that you have questions.

Paul Yorkis: It sounds to me like the work that you have done is really a post-license course for people who received their license. I'm talking about theoretically. Because if you're licensed housing-, if you pass the exam and get your license, one of the things, is one of the next things to take this, or is some of this incorporated in the six major topics of testing.

Jerry Mayer: That's a really good question because. It is not in the six major topics. And the opportunity for

housing counselors to contribute to their communities by helping to mitigate disasters is something that seems natural to us and has come to us recently as an activity that the department is interested in us pursuing. So, this is really at the embryonic stage, and Ginger and her team has made tremendous progress. But we have a lot more road to cover before we get to any sort of certified courses or anything like that. But that is something we would love to do in the future.

Paul Yorkis: That's a lot to do.

E.J. Thomas: Yeah, I'm going to interrupt you and then jump back in. I have to chair a meeting in Sarah's office on the phone and so I'm going to be gone for about an hour. I would like to hear Pamela's. So can we move that back.

Sarah Gerecke: Sure.

E.J. Thomas: Because we've got a little flexibility this afternoon, and I don't want to give you short shrift because I think you've put a ton of work in on this thing and we want to give it its due. Okay, proceed, Paul.

Paul Yorkis: The question that I have, and I know there is no continuing ed requirement at this time but it may be, it may be, and this is just a thought, to have the material that Ginger's team has developed to be a continuing ed requirement.

Jerry Mayer: Actually, if housing counselors take courses in disaster mitigation. I attended one recently in Los Angeles. We do count that for continuing education, and also just one other thing I wanted to add briefly, our DART team, Disaster Assistance Response Team, also goes on the ground when HUD responds to disasters. We've had folks on the ground in Florida, Texas, California.

Virginia Holman: North Carolina.

Jerry Mayer: North Carolina, learning from our counseling agency, supporting them, and helping to connect them to local resources so that they can be effective. And we learn from that and bring it back and make it part of our program.

Paul Yorkis: Thank you.

Pam Marron: I'd like to piggyback on what you said, Paul. I live in Florida, the land of hurricanes, not if they're coming, but when they're coming. And this would be great to also have on if, in the same housing counseling, awareness campaign that we're doing, to have this included. You look, when those disasters are coming, you look for where the help is. And making our industry aware of this would be incredibly great.

Sarah Gerecke: So, if I may, the dilemma is that counseling agencies can be affected by disasters and not all of them are trained to take it on. So we, the Deputy Secretary, Pam Patenaude, when she went down to Puerto Rico about six weeks after Maria and Irma struck, she asked for 10,000 flyers of our Disaster Recovery Counseling to go down. We had southern counseling agencies down there. All of them were affected and their staff were affected. And so, we worked with the counseling agencies around the distribution of the information and what the consumer can

expect, and what can agencies do to be out there.

But that was a lot of reason as Jerry saying this is embryonic. We do find that when the disasters strike, they are called to service, and willing to, but they need the training. It's not the same as any other kind of counseling out there. But we do, and as you see from the design, I think our design team also worked on the Disaster Recovery Flyers as well. So we do consider it part of the same suite and actually these are in 12 languages already, so we've gotten them.

Virginia Holman: And they're available online.

Sarah Gerecke: Yeah, all of them are in the same outreach.

Virginia Holman: In terms of the response of the disasters, what we have found is, the declarations are usually by counties. And we found sometimes there are just no agencies in the affected areas, and then we have to spread out to see whether there's a neighboring one or something. But usually, but often they're so taxed with their own job, that they really can't take on somebody else's. So capacity of the agencies to be able to respond, it is an issue as well.

Sarah Gerecke: And like many other things funding is an issue here. There's very little funding for prevention and preparedness. However, the jurisdictions affected by disaster have really increased their awareness of housing counseling as a solution. And so, New Jersey, from Sandy, Puerto Rico, Texas, and many of them are using their Disaster Recovery Funds for housing counseling. Puerto Rico in a very significant way. They've allocated \$17 million so far to housing counseling capacity in Puerto Rico for disaster recovery. Our trainers have gone down there to help them. I've worked with the commonwealth on capacity building. So it's a great partnership, but it requires capacity building on everyone's end.

Marcia Lewis: And in that vein, perhaps we could, since we know that everybody is not equipped and some they're in places that don't have any, maybe we create our pool of people who would be willing, interested, and able that we can call on. So we already know who the players are.

Sarah Gerecke: That's a little how we use the SurveyMonkey that Ginger was describing, but as we make this it's own category of housing counseling, we'll be able to let agents identify that to the public.

Marcia Lewis: That I have someone on staff who's trained Disaster Recovery Housing Counseling.

Sarah Gerecke: We're getting there.

Paul Yorkis: I would share that in every state and the Commonwealth of Puerto Rico, and Guam, etc., that are realtor organizations. The reason I'm sharing that is in Massachusetts when we were whacked with tornadoes, the real estate organizations were communicating very rapidly in the local communities. And I would encourage that linkage, so you had, they're not counselors, but they can be distributors of information to-

Virginia Holman: Yeah, one of the points that we do make to the counselors is that they're part of the community and as part of their pre-disaster training activities that they really do need to get together with the other organizations in the community. The Red Cross, the realtor, whoever might get involved in doing this. So that when it happens everybody's sort of on the same page and knows

their own phone numbers.

Paul Yorkis: That's great.

Sarah Gerecke: Jerry's been working a lot on this.

Good, we are at lunch and so, I am going to adjourn, I guess I can adjourn the meeting. [LAUGH] For recess, thank you, that's what I meant for an hour. We will resume at 1 o'clock exactly and we may jiggle the afternoon agenda around a little bit. But we will still keep the public comment section from 3:15 to 3:30. And we'll work with the numbers on the rest of the agenda during lunch.

Virginia Holman: Yeah, and probably we do need to keep the photos at one, because I think that's-

Sarah Gerecke: Is that when they're coming? Okay, so we may do a little bit of the recognition at one, and then maybe what we'll do is sneak you in there as part of along with the founding members.

Marcia Lewis: Okay.

Sarah Gerecke: Thank you so much.

LUNCH BREAK

Sarah Gerecke: E.J., do you want to get us back started.

Connecting Independent Mortgage Loan Originators (MLO) with Housing Counselors

E.J. Thomas: Yes. [LAUGH] All righty. Well, we're glad to have everybody back here. We've shifted things around just a little bit and Pam Marron has worked pretty hard on this presentation, which will also be on the websites, for those who are not able to see it here but can hear Pam make this presentation. So with 34 years as a mortgage loan originator, I think she's pretty well qualified to jump into this, Pam?

Pam Marron: Well, thank you. Well, yes, I am a 34-year loan originator, a 60-year old, 34-year experienced loan originator. And first, we're going to talk about connecting independent mortgage loan originators with housing counselors. I'd like to make a disclaimer, these are my opinions only. This is not the opinions of HUD or the Housing Counseling Federal Advisory Committee. However, I would like you to know that a lot of these ideas that came forth have been discussed with other past HCFAC colleagues of mine, so I appreciate their collaboration.

And the first thing on page three of your presentation, you're going to see a list of acronyms. I'm not going to go over them, many of you are [INAUDIBLE] yes.

Keep going? Is that me?

Glen Holmes:

No, it's the phone.

Pam Marron:

Okay, so refer back to page three, if you are wanting to know what one of the acronyms means and we're going to get started. The first thing that we did in putting this together is discuss the areas of help that loan originators needed to, and wanted to ask, the housing counseling industry to assist us with.

The second thing that was very important was to make the housing counseling services attractive and eligible or accessible to all loan originators, whether they worked at bank that provides CRA funds for the use of housing counseling or at a mortgage company.

The third thing that we have developed or we're putting out there is an idea on how housing counseling can be funded by independent loan originators. And then we developed six steps to work with housing counseling and basically get our clients mortgage-ready through housing counseling. I'm saying the independent loan originator, them providing their clients to the housing counselor and then getting their mortgage ready.

And then we started a pilot program in Tampa Bay, Florida. And we're hoping that this can be something that could be implemented nationally. We need resolution on an item that was discussed in some detail earlier, and that'll be brought up later. And then finally your questions.

So let's get started. First, we decided on the three services that mortgage loan originators really need the help from housing counseling to get our clients mortgage-ready. And those three things are helping clients with credit issues. That's primary. And then assessing those clients for down payment assistance that's available. And then third, helping our clients with budgeting.

I want to go back to credit. Credit is the benchmark of everything we do in the mortgage industry and it's also the area that we have the most amount of problems with our clients with. I'm not talking about credit repair. I'm talking about in-depth credit counseling and debt management. And when I first came to this committee, we had a panelist from the National Foundation for Credit Counseling. And I remember hearing this person and he talked in-depth about helping people with credit issues. And I thought I had died and gone to heaven coming to this group. [LAUGH]

Okay, so basically what we want to do is ask housing counseling to assist us with down payment assistance for our clients, whether it's down payment assistance from a bond program at the state level, or even from the wholesalers that work with independent loan originators. I don't know if all of you know but often loan originators, independent loan originators, are excluded from state bond down payment assistance programs. But in the last two years a lot of our wholesaler companies that give the same QM, great quality loans, to the banks and they also give them to the independent long originators, they've been making some pretty darn competitive programs that they provide the down payment assistance with as well.

Now this could be something that we discussed this earlier, another avenue for housing counseling, to make in ways in getting more business from. Because every single one of these housing counseling programs that I've seen, they need a housing certification. So that's another

avenue of business.

And I wanted to let you know that in Florida, currently we are preparing a matrix that compares the program, state bond, to the county sheriff, to the city programs, and that even includes the wholesale VPA programs. So we're going to be able to make this accessible to loan originators, whether they work at a bank as a loan originator or at a mortgage company as a loan originator.

And budgeting is necessary, and I have to say this, especially for millennials. I got to tell you guys, I have them, the millennials, sometimes they don't have enough credit to get a house. We have to help them build credit. And I can't tell you how many of them have never used a checkbook. And, but the worst thing is that many of them think it's hopeless to get a home. And that's where we really need housing counseling, to come in and help these younger clients to get prepared for homeownership.

We want to make housing counseling accessible to everyone, whether you work at a bank or you work at a mortgage company, and we need to make it seamless so that loan originators that are leaving the banking industry and going to the mortgage company can work seamlessly with housing counseling. There's no stop saying there's an effort on either side to be able to fund housing counseling.

And as you as you all know, banks and lenders often get Community Reinvestment Act funds to pay for the housing counseling for the loan originators at banks, but the loan originators that work for mortgage companies don't have CRA funds nor do the mortgage companies.

So, we decided that we needed to find a mechanism or a method to be able to have the payment for housing counseling services to assist an independent loan originator's clients available. And that's coming up. But the benefit of being able to work with independent loan originators and for us to be able to take care of the housing counselor's costs are these three things primarily.

First of all, by independent loan originators being able to assist with the housing counseling financing. This enables a mortgage loan originator that did work at a bank, that is going to a mortgage company, to have a method of being able to continue working with housing counseling even if they're on the mortgage company's side with no CRA funds.

Second, it enables a growth awareness, if you will, of housing counseling services to the independent loan originator's side.

And number three, this is really important to think about. A year ago I was at a Fannie Mae symposium, and one of the housing counselors stood up and said, we would like to have an avenue to work with the above LMI, low- to moderate-income clients, and this, a fee-for-service, is the way that we can facilitate that. With the fee-for-service program we could have an above LMI client come to housing counseling, pay for the service up front- Okay, sorry about that, I'm hoping [INAUDIBLE]. Okay, we're good? All right.

Okay, all right, so, how is this funding done as an independent loan originator? And here's how it's done. It's this simple. The client comes to the HCA and they pay for the upfront housing counseling services. They pay for them upfront. The mortgage loan originator, who's referred

the client, signs a memorandum of understanding that they agree to credit that client back the cost.

Okay, and I just, these are two did you know things. I don't know if you all know since January 8th of 2014, all loan originators across the United States are capped at 3% compensation. So and there's only two, as an independent loan originator, I can tell you, there's only two costs that I know of that we can give a credit on, and that is a third-party origination fee and an appraisal fee.

Another method of a credit that could be given, and Sarah brought this up earlier, is loan-level pricing adjustments, which banks use in mortgage companies use them. And what that is, it's basically a higher interest rate that provides a credit that can be used towards to pay the cost, whether it be housing counseling or support, closing cost.

Now to get the six steps of how a mortgage loan originator and a client can work with the housing counselor, and include the realtors. The client comes to the-

Sarah Gerecke: [INAUDIBLE], I'm sorry [INAUDIBLE]. You talked to the operator?

Ravi Nara: I did, I did, yeah. He said they're looping through. He said it's being taken care of.

Sarah Gerecke: Okay, well, apologies for the technical details.

Pam Marron: That's okay.

Sarah Gerecke: Thank you.

Pam Marron: That's all right. I'm just going to keep talking.

[LAUGH]

Sarah Gerecke: We're listening.

Pam Marron: Okay, so we've got six steps for everybody to get ready to work with our client, to get them mortgage-ready. The first step is the client comes in. Either they're referred to the loan originator by a realtor, or they just come to the loan originator, and the loan originator realizes they need help with their credit, or budgeting, or down payment assistance, or all three.

And then step two is that the mortgage loan originator refers that client to the housing counseling agency. So there's an intake process here that we need to get firmed up. And that client pays the housing counseling agency a fee-for-service for the upfront housing counseling services. At the same time, the mortgage loan originator signs a memorandum of understanding, the credit back, the fee-for-service, towards the client's mortgage closing costs.

Step number three, the housing counselor assesses the client. And the time frame to correct credit, help them with budgeting, assessed for down payment, is determined and told to both the mortgage loan originator and the client.

Step four, the housing counselor refers the mortgage-ready clients back to the mortgage loan originator.

Step five, the mortgage loan originator refers that client back to the referring realtor if there was one or they just refer the client to a realtor. And they make them aware of the credit that the borrower is going to receive at closing. And also if there's any DP, down payment assistance, available for that client. And then finally, the mortgage originator provides the fee-for-service as a credit towards that client's mortgage closing costs.

But there's step five I want you to really take a look at. And this step five is where housing counseling can cement the relationships with realtors and loan originators. Step five is where the loan originator gives that client to a realtor and that realtor realizes that a client they gave into the housing counseling agency to get them mortgage-ready, that that could happen for that client, so what about all these other clients they don't think they're going to get a mortgage for? So then the realtors start giving clients over to get help. So it's that the awareness is not only with the loan originator, but it's also with the realtor.

The second benefit is by working with housing counseling, it cements a relationship between the loan originator and the realtor which is frankly what loan originators want. We're going to take care of their clients. We've got a way to do it. And the realtor sees it at the same time.

So we started this program in Tampa Bay, Florida, and we are going to make sure it all works in Florida, and then we're going to go national with this. We started with two different housing counseling agencies. Tampa Bay, CDC in Tampa Bay, and they're going to take care of as much of Florida as possible. And then we'd also like to work with Navicore Solutions. They're a national HUD-approved housing counseling agency. They are also a partner with the National Foundation for Credit Counseling, the organization that provides that in-depth credit help that we need for many of our clients. And for those of you that don't know, Navicore is also the housing counseling agency that is able to take care of your clients that have got that pesky foreclosure [INAUDIBLE], and NMLS Licensed Loan Originators in Florida. We also having some realtors starting to come into the system.

And we are using CIC credit, and the reason we're using them is they have what is known as the Meridian Link platform. And what that Meridian Link platform does is it allows the housing counselors and the loan originators to break out any line of credit on a credit report and see exactly what Experian, TransUnion and Equifax are reporting, so you know exactly where the problem is.

And CIC also has these really incredibly credit tools that housing counseling can use. They're working with Tampa Bay CDC. right now, and it's called the Way Finder, the what-if simulator. I'm going to tell you a real quick story. I sent one of my colleagues over to Tampa Bay CDC. a week ago. And this happens often. A client comes in, he's got \$1,000 burning a hole in his pocket, and he says, I'm going to put this money down towards this debt and I'm sure it will take care of my credit. And, Beverly, the housing counselor said, she had her screen and she turned it around to let the clients see. She said, well, you could put that \$1,000 down towards that debt, but look at what happens. And what-if simulator's got a button and it goes [INAUDIBLE] it went down. And she said, look at what happens when you put the \$1,000 down. That guy loves this housing counselor now, because she showed them how the tool works.

And we as loan originators can do this too. But I have to tell you, loan-originators, there's a varying degree of success of us helping the clients with this. And when we get busier, the detail that is needed to help these clients, we just don't have it.

And I see right now, I'm in Florida, and the clients that I'm seeing are beginning to be those clients again that need extra help. They're not the A plus, everybody can do them. They need our help. So, the fact that housing counseling can help with this and I've already put clients through, I'm sold.

So, next thing, and we obviously want to have this go nationally, and Navicore Solutions is who we'd like to have do that.

And now to a clarification of an issue that all of us have, whether it is been from the loan originator side and also on the housing counselor side. And that is clarification of why we need to provide a referral of three lenders when a mortgage loan originator has referred a client with the fee-for-service, where we going to reimburse the cost of their housing counseling, why there has to be a referral of those three lenders. And we've talked about this a little bit. I know there is a RESPA situation we need to discuss. But I would ask that this conversation continue because I tell in our earlier conversation, it obviously is a hot button for all of us.

And then just to let you know, we've already got a memorandum of understanding in draft form that we've presented to Sarah. And we've already got the responsibilities of the loan originators and the housing counselors, so it's not just the housing counselor is doing everything. The loan originators have got a responsibility in this, too. And we've determined the acceptable documentation that the client's needs to provide us. We can provide it to the housing counselor or they can just take it with them.

What we don't have in place yet is the intake process to accept and log in clients who a mortgage loan originator is referring in where there is not a lending institution already assigned to that client. And I have to tell you, the communication has been incredible because I am pretty sure that, and we're working with both now Navicore and Tampa Bay Community Development Corp. They know how important this is that we've got to get this right, to roll it out to the loan originators.

And I also want to add in closing before questions, I want to let you all know that this is what happened for being on this committee. This all came from this committee. This is all from past HCFAC colleagues. So, I think all of my colleagues that have, we've all been involved in this. And now for questions.

E.J. Thomas: I have to say, as in terms of the communication, if you've been helping shepherd this along, I'm sure there's been no problem with this.

[LAUGH]

E.J. Thomas: Well Pam, I think that was a fantastic presentation. For the new folks here, if there's any evidence that you need about the throw weight that you all have to affect positive change in this area, right there it is. Thank you. Questions? Let me guess, Paul.

[LAUGH]

Paul Yorkis: In your five step process, and step number one, does that take to consideration that potential buyer, who has paid the rent, [INAUDIBLE] the telephone bill with cash. Is that included in that step?

Pam Marron: So, you're talking about a borrower, an alternative credit client. Yes, and a lot of those are millennials. They don't have bad credit, they just don't have any credit. And there are, the credit tools also allow, it'll say add a new secured credit for \$300 and you'll get at least one-fourth. So by giving these clients to someone who can provide undivided attention to what they need, that's what we're looking for.

Paul Yorkis: And my second question, is that step five, is that when you issue the pre-approval letter?

Pam Marron: Yes.

E.J. Thomas: I think Paul is a journalist in a previous life. [LAUGH] Every question has a follow-up or two.

Afreen is on the phone. Afreen, thank you for joining us. We had to change up our agenda here for today just a little bit. I think we're getting back on schedule. Any other questions for Pam?

Marcia Lewis: I have a question. Walking through the process, is there an anticipated time for the cycle or is there going to be a set time given or will it depend upon individual situations?

Pam Marron: I think that the step three, which is where the housing counselor assesses the client. The housing counselor is going to give us the time frame. And that'll give us the tickler system to keep track of. And it also gives us reason to call that realtor and say, well, this one's going to be ready in about six months.

Marcia Lewis: Yeah.

Pam Marron: So it's future business preparing for the future for not only our clients but ourselves.

E.J. Thomas: Pam, quick question as it relates to the give back, the credit at closing. If you and I are both doing the same work and for some reason, you work for somebody. They pay for the credit counseling, and I then take over, is there any chance for that money to not get refunded is where I'm going?

Pam Marron: The model has been written so that the memorandum of understanding is in place to secure the credit from the loan originator that signs that memorandum of understanding. So if the borrower goes to another lender, that other lender could be told that they could also do this, but if the credit is provided by the referring loan originator.

E.J. Thomas: I just see that as a potential issue, in a very competitive environment. I don't do your work, so I could be not perceiving this correct.

Glen Holmes: If I know you do that with your client, I know I can get a good client if I go poach. [INAUDIBLE]

Because I can go after your client, if I know you're doing that with all your clients. So I know they've had housing counseling, and I can go grab them and sweet talk them and give them a better deal but not give them the money back.

Pam Marron: But the client is going to want to be with someone who is going to give them a credit most likely and frankly, they can go anywhere.

Glen Holmes: Right.

Pam Marron: But I think that it's basically a service that we are providing our client for service. We're telling them we've already established that they need the help and then we're sending them to the housing counselor to get that help. They're paying for that that service upfront. So you're right, they could go to anybody, but I'm saying, you know what, if you do this and you come back to me, I will give you a credit for this. They don't have to but, my thought too is that, those other loan originators that are going to see that and say, well, okay, I know she's doing that, then guess what? That's going to be more clients for the housing counseling agency, because they're going to want to sign a memorandum of understanding for their clients.

E.J. Thomas: So, my question does not bother you?

Pam Marron: No. Not at all.

E.J. Thomas: Okay, and that's important. And I'm not offended at all. I'm glad to get smarter about this and looking at how this works, so,

Marcia Lewis: In thinking about that as well, I just kind of thought to myself that the MOU would establish what would happen if you did go to another, that you would, in fact, forfeit your-

E.J. Thomas: Right.

Marcia Lewis: Credit, towards which, depending upon the cost, \$60, whatever, may not be a lot but it may be worth thinking twice before I go to somebody else.

E.J. Thomas: And having that in the MOU, for one of those things that just pops out of nowhere, might be good because that would be full disclosure for the client that would understand, hey, it works if you're with me. It doesn't work if you're with somebody else.

Pam Marron: Well, they paid the cost of the housing counseling services up front. So either way, they're going to get help, but they're also seeing that I am invested in them, that if they come back to me I think enough of that housing counseling service that I'm going to pay them a credit back, because they went and got help for themselves.

Glen Holmes: What have you seen are the typical costs for the housing counseling that you're reimbursing?

Pam Marron: \$275 and up to \$26 for a double credit. And it can be more if it's more in depth than what we're initially proposing.

Glen Holmes: So, I'm already providing this service to people at no cost, and now you come to me with this

deal, and now I'm going to start charging clients that I wouldn't normally charge?

Pam Marron: Well, first of all, do you not pay when the clients are above LMI?

Glen Holmes: I have a fee for service program for above that pay, yes. And you're telling me that most of your clients are probably going to be in that bracket, mostly.

Pam Marron: Yeah, the majority of loan originator clients are in above LMI, client's income levels, and that's not because that's all we solicit. It's because the, well no it's because the costs of doing the loan, when it gets to a certain level like \$50-55,000, in most states we can't service those loans because, we're where we are capped on what we can charge them. Sometimes we just can't do them.

[INAUDIBLE] [LAUGH]

E.J. Thomas: Is it good that you're not working in Tampa? [LAUGH] [CROSSTALK]

Pam Marron: Well, banks can, because the way that they show-

Glen Holmes: The conversation that you had on CRA. Banks don't get CRA money to pass out. Their taking their profits, and spending that to get CRA credit so that they meet the standards. So MLOs could take their profits, just like banks do, and reinvest it back into the community under the same scenario. So, this is not like the government gives the banks money to then put out there. The banks are taking their profits, the earned CRA credits.

[CROSSTALK]

That's not just red.

Pam Marron: Yeah, you're right, you're exactly right. I'm an independent loan originator.

Glen Holmes: Right, yeah.

Pam Marron: And trust me, I've tried to figure out, this fee-for-service is the only way I can figure out how to do it, and make it. The point that we're trying to make here is to make housing counseling accessible to loan originators, whether they're working at a bank that has the availability of being able to pay for housing counseling services with CRA funds, or they're at a mortgage company where here's the other method that we've kind of vetted to-

Glen Holmes: I think this will work really well. I think it's well thought out, I really appreciate the good work. I'm going to steal it. [LAUGH]

E.J. Thomas: Paul.

Paul Yorkis: I really like the model, and one of the reasons why I do is because you don't demand consumer loyalty, you earn it. And this is right in that wheel house. So thank you very much Pam.

Pam Marron: Thank you.

E.J. Thomas: Further questions?

Marcia Lewis: I agree totally with that. That the MOU can be a vehicle to cover not only just that fee-for-service reimbursement, but to cover that relationship, what you will benefit from doing this, and what will give back. And then, it covers more than just that. And I mean, I don't want it to be punitive, but, it could even be as detailed to say as, should you decide to go with another MLO, then you must start at A. You must start at step one, again. I mean, it just could, depending upon the climate, the community, and how it's applied. What might work forward or may not work in Memphis or may not work in Maine or Maryland or Boston. So, I think it's just a really great idea that given their local conditions and climate could be adaptable. I think it's really great.

Pam Marron: Thank you. And I do have to tell you, I mean us being here, and we've got these brochures which give credence to where we're telling these clients that need help to go to. And thinking, okay, so I can put my card and the housing counselors card on here and say, look, this is who you need to go to, and if you do this, and this is this is what I can provide you back. But if they go somewhere else, they've still got these brochures. So they know that there's help out there for them. So, this is like a lot and awareness.

E.J. Thomas: It's a win-win. Your enthusiasm has not dimmed since you started [LAUGH] and we appreciate that. Further questions?

Paul Yorkis: I have a question for Sarah, now that this has been developed, what is the process to try and have this change take place formally?

Sarah Gerecke: So HUD doesn't get involved in the nature of contracts with lenders, except that we do have standards around conflicts of interest, steering, and then CFPB has RESPA as we talked about earlier. So I think that where Pam and Ellie and some of the other people you've worked with are at with this rich and Tampa Bay, are to get reaction from HUD as regulator, from CFPB as regulator, on what would be the regulatory issues here. And we are happy to take this back to our wonderful partners at CFPB, to talk about what are the regulatory issues here, and I hope you heard that there is no promise here that this will pass legal muster. There is no representation to that effect.

It's fantastic for us to get a model like this at this stage to run past the lawyers who like dealing in real things. So, we will do that and we can report back to this committee on what the issues may be and perhaps again, it's up to the committee, but you might want a panel list to be present with some of partners present or other models to.

Paul Yorkis: When you get your response. When you get your response.

Sarah Gerecke: When I get my response. You may or may not want to wait for that because we're talking about government years, so it's very unpredictable. But I would say this is quite a high priority at pretty high levels at CFPB and here, so we're looking for being able to provide some information over the summer. Having said that I don't know if we can actually comment specifically on that agreement.

Glen Holmes: Just tell them we're going to have to do it, they'll figure it out real quick.

[LAUGH]

E.J. Thomas: All right, very good. Thank you everyone. Pam, again, thank you for your hard work there. That was an excellent presentation.

Marcia Lewis: That was.

Pam Marron: Thank you.

Presentations by Founding Members on their Experiences and Suggestions for Future Topics and Recommendations

E.J. Thomas: Presentations by founding members on their experience. Afreen, are you on there?

Afreen Alam: Still here.

E.J. Thomas: Oh, there you are. Well thank you for readjusting your schedule here a little bit. We're not too far off. And from yesterday to today, wanted to get your thoughts, for the new folks on the team, as it relates to your experiences and suggestions for future topics.

Afreen Alam: Thank you. Pam, what a fantastic presentation, tough to be the one following you.

Pam Marron: Thank you, Afreen.

Afreen Alam: Good afternoon, everyone. Thanks again for bearing with the phone call. I have a presentation and the experiences I'm about to share are more of a macro policy ideas rather than in very specifics. And a couple of thoughts I had after being on the committee for three years. Depending on the ambition of the committee and the goals, creating subcommittees might be a good idea within the group. So we had discussed about having subcommittees focus within the group on very specific projects and issues that people were excited about. I think that route might make the group more productive.

We had aspired to create subcommittees because there were a few exciting divergent ideas, but because of some administrative challenges, we never gotten around to it. But you guys may want to explore that.

And sort of parallel to what Pam had mentioned, that they know that these ideas coming from colleagues and sort of encompassing different sectors of the industry. As a committee member who had a three-year tenure, I sort of had the privilege of having a bird's-eye view of the committee's work, and what I noticed was a recurring theme every time we discussed a pervasive challenge or a need. And that is that in order to achieve anything groundbreaking or a substantial goal for the housing industry that would make housing counseling sustainable or solve some of the recurring long-term challenges, what we realized is that the various actors in the housing industry have to come together in some form or the other and possibly on a regular

basis.

So we had discussed a rather lofty but a remarkable idea when we were discussing ways to make housing counseling an essential part of the home buying process, and the idea was to bring together the decision makers in housing nonprofits, the lending industry, the servicing industry, the insurance companies, the GSEs, and even the lawmakers, to achieve a policy priority that could take housing counseling to the next level, as we were hoping.

We talked about convening a conference of sorts to discuss and come to agreement on a few major ideas with these decision-makers that could make housing counseling indispensable. We ended up not exploring it further, again, because some of the administrative challenges related to the coordination of the committee, but it was a very exciting idea, and a thought that kept coming up, of coordinating among various housing industry actors, and this current committee may want to explore that idea further.

Another thing I mentioned yesterday very briefly was to allow the learning from the recent housing crisis to be a guide for your future policy recommendations. As you all know, there's a significant number of families in our communities that are still one pay check away from a financial and personal crisis, which the national unemployment rate and economic indicators thinly veil, I would say. We may not be in an emergency at this very moment, but I think it would serve the committee well to be reminded that for much of our communities, the crisis is never too far off.

So for example, it will be important that the committee help HUD double-down on its mission to implementing fair housing laws among other consumer protections.

Lastly, I think something that our group did very well was to remind HUD that coordinating its work and engaging with other agencies is crucial for its success with the housing counseling program. CFPB was just mentioned, but I will have to say that in the last three years, I think HUD did a remarkable job in collaborating with partners and nonprofits as well. So I hope this committee can continue to help HUD with that. So I think with that I will end my very brief talking points. Thank you again for the opportunity.

E.J. Thomas: Thank you, Afreen. Any questions for Afreen before we move on? Paul.

[LAUGH]

Oh my goodness, Paul does not have a question Afreen, so you did a great job of-

[LAUGH]

Afreen Alam: Paul, I hope to meet you in person one of these days but thank you.

Paul Yorkis: I actually do not have a question. [CROSSTALK]

[LAUGH]

E.J. Thomas: We're batting 1000.

Paul Yorkis: My words that national housing counseling summit that you have mentioned. What could you share with the newbies, what some of the obstacles were, to try and move that forward.

Afreen Alam: Really, essentially, it was an administrative challenge because we, the committee members, did not get the opportunity to meet enough time to explore that further. What happened was because we have had this wealth of knowledge and representation from various sectors, the committee members from each sector thought that on a day-to-day basis our communication in each of the sectors gets sort of lost. But everybody held a different perspective on the same challenge or issue. But after the first year, we had some of the committee members leave with some changes and we never really have the opportunity to meet as a subcommittee to explore this further. So I would say that was primarily the reason why they weren't able to explore that.

Paul Yorkis: Thank you.

E.J. Thomas: All right, thank you. Pam? Time for another presentation. [LAUGH]

Pam Marron: Okay, I was thinking that her- the problem was the terming off, so, you've never had a full set. A couple of things. Last year Sarah, when we had our last in person meeting, we were all, I was excited about getting the housing counseling industry involved in this and you had said, could I talk to your housing peers, independent loan originators. And I thought that was a great idea. And I went back and low and behold, it was a challenge on both sides, getting loan originators to even have a clue what housing counseling did and I experienced issues on that side. And then I was going and visiting the housing counseling agencies, and every single one of them had a dreadful story to tell me about some bad loan officer they dealt with in the past, and how is this going to work? And I realized that what I thought, we could use a group to go forward, first, we had to overcome those challenges and it's taken almost a year to do that.

And I see this group the same way. I see that you've got four different sectors of interest emerging together. And you don't know what the other side thinks until you talk to them and that's what the beauty of this committee is.

Afreen Alam: Yeah, yes exactly.

Pam Marron: Yeah, and so, it's going to take some time to figure out these issues up front. That's the goal or the lessons that probably has been learned out of that. The other thing I have to say is that I did not realize, and I'm not this is not a touting of the National Foundation for Credit Counseling, but face it folks, the majority of our clients have problems with credit. And sometimes it might be more than what the module of training that every housing counseling agency or certified person is trained initially. So that additional partnership with the NFCC I think is critical, especially when you're connecting loan originators and realtors to this system.

And finally, I'd ask this group, please, please, please follow up on the three referrals because if you don't, I'm going to be on your rear end. [LAUGH] White on rice to make sure this gets taken care of.

Paul Yorkis: I will share with you, we will follow. [LAUGH]

Pam Marron: Okay.

E.J. Thomas: Because you don't want her on your case, right?

Paul Yorkis: I would like Pam on our case so that we can all move forward together.

E.J. Thomas: Right.

Pam Marron: Thank you.

E.J. Thomas: Questions for Pam? From my perspective, the cross pollination among the quadrants was really, really very helpful because when you're all talking in your own silo you end up just talking to your friends and all saying the same thing and it's very difficult to forge either alliances or develop solutions as a result.

As you move forward, I think that, if you were to ask me, what was the most important lesson you learned as a legislator? I would say that, if you roll with human nature, you pass really good laws and policy. If you try to fight human nature, you pass really lousy policy and laws because you will not get the desired results.

As it relates to housing counseling, the overarching goal I think for everybody is that anyone and everyone who needs housing counseling be able to get it. So what policies do we put into place with the thumbs up from the legal beagles, to encourage people through incentives or whatever mechanism it is that appeals to a part of the scope in human nature, to encourage people to get what they need, so that they have the best shot at being successful.

Most of the time, my guess is people who come into housing counseling don't even know what it is they need necessarily. We talked this morning about, buying a home is a complicated deal. All you need to do is look at the 826 pages you sign when you go to closing. This was complicated. So, and I think that what you're working on there, Pam, kind of helps in that direction. Some sort of incentive, that's money in your pocket and money you can get back, helps to help people make a decision. It takes us in a direction that you're wanting them to go anyway. It is really in their best interest.

So I think if you think about that as the bedrock for any kind of policies that come up with, does this strike a resonant chord relative to human nature? If it does not, scrap it and move or modify it. Because no matter what you do, no matter how hard you work on it, it will never work unless it meets that test. So, any questions for me? Paul, I'm disappointed.

[LAUGH] But not really. [COUGH]

Okay. I believe we are up to a break if we want to take it, or we can motor along and not take it. What's the pleasure of the team?

Glen Holmes: Motor on.

Sarah Gerecke: My only question is whether Patty Arvielo is able to join us. Fantastic. So just so you know, we have eight members all together. We have Patty Arvielo, Martin Sundquist, Afreen Alam on the

phone, as well as the number here, and so.

Discussion by New Members on Issues and Priorities for Future Consideration

E.J. Thomas: All right, very good. We're going to move to discussion by new members on issues and priorities that you all want. And I'm sure that may have changed a little bit, based on the conversations that we've had here in the last two days. So if we can, why don't we just go around the room here. Marcia.

Sarah Gerecke: Don't forget the phone

E.J. Thomas: Marcia, we'll start with you.

Marcia Lewis: Okay. All right. I have actually thought of something different that I had not thought of prior to having these most of the discussions. And that is what conversation, or work, is being done around Native American homeownership?

Sarah Gerecke: Funny you should ask, and may I answer that? [LAUGH] We would welcome focus on that and we were invited by the Center for Indian Country Development at the Federal Reserve Bank of Minnesota to participate in a program to increase financial literacy among Indian population. And one of the issues that that group took on, not at HUD's urging, was the possibility of creating a national intermediary that was a HUD-approved counseling agency specifically for native populations. There are not many national native populations because they are very diverse. But we are doing monthly calls with a homeownership collaborative that's sponsored that way and we're learning I'll say but we have a lot to learn, but we want to support expanded service there.

Marcia Lewis: Yeah.

Glen Holmes: Have you spoken with the CDFI Fund, and they have native CDFIs that are extremely active with a lot of those populations.

Sarah Gerecke: Many, I don't know the overlap, but many of the housing counseling agencies who are serving the native population are also CDFI, so the Navajo Nation, there are quite a few actually that do. There's also very innovative models for serving in that housing counseling program and I'll just call briefly the Montana Home Ownership Center in Minnesota both have made arrangements with individual tribes to qualify individual housing counselors under their umbrella. So that although the tribe is not an approved housing counseling agency, there is an exception in our regulations for serving uniquely isolated populations. And using that, we're able to support housing counseling services there. That is a really fascinating and important topic.

Marcia Lewis: I was just thinking who might be missing. And then the last thing that I want to-, I just I picked up from Pam that we need to maintain our enthusiasm and keep lofty ideas and I won't have any problem with that. So, [LAUGH] I will carry that torch but just go ahead and dream big. Because I think that when we start thinking about and start narrowing it in our own minds about what we think is possible then we will leave something out that may not have been thought of.

But the other piece, I was just sitting here thinking to myself as you were talking that I consider myself to be a housing expert in no way shape or form. But I don't think I even understood, having gone through homeownership three times myself, the significance of the pieces of the puzzle of homeownership. So as part of whatever we're doing in training and educating people about maybe through housing counseling or otherwise. I don't know that I knew the significance of the loan originator in the piece and really why I was referred to that person and what their true role was, or understood how important it was. So I think we have to, as part of educating people about housing opportunities in whatever way that we are looking at them, we need to also educate them about who the relevant people are that they need to understand they can go to. So it just crossed my mind as you were talking.

E.J. Thomas: All right. Thank you, Marcia. Glen.

Glen Holmes: Yeah, I think that this has been an amazing couple of days and I think the work that Pamela's done, it's got to be continued. I think that moving that to a national platform in any way we can create that is going to be huge, for a lot of reasons. Obviously it helps fund the sustainability of housing counseling of trying to do the work, and rely less on government funding which is always exciting.

And then getting the word out and the work around the literally just letting people understand what housing counseling is, and what it means, and changing that one word from counseling if any-. I get it. I live with housing counselors. I've gotten used to it. But yeah when I think about it I think that there's probably a much better term we can find and I understand that probably can be a long conversation but I think that's going to be a real important conversation for us to have.

E.J. Thomas: Okay, great. Paul.

Paul Yorkis: I have identified five things. Pam's initiative is what I'm calling it, all right.

Marcia Lewis: I'm calling it the Marron effect.

[LAUGH]

Pam Marron: HCFAC Effect. [LAUGH] [INAUDIBLE]

Paul Yorkis: I'll call it the exploration, maybe even the implementation, if possible, over the three years I hope to be here, is the acquisition of private funding to increase housing counseling. The materials that were shared with us today about housing counseling, the educational materials, the marketing materials, are wonderful and I would just want to reiterate that I would encourage targeting of, I'm going to use this term intentionally, realtors and loan officers, with those materials. And on the realtor part, with the cooperation and support of the National Association of Realtors, and not speaking for them, but I would hope that they would be interested in that.

The continuing ed/certification for loan originators and real estate agents I think is this is very important, and I love the idea of a National Housing Counseling Summit. To bring in all the parties together. I think people learn when they can listen. And by getting everybody if possible,

in the same room and having the opportunity for all of the folks to have that ah-ha moment because they never knew that before, is really, really, has the potential to be very valuable.

E.J. Thomas: Thank you, Paul. Martin.

Martin Sundquist: Yes, thank you. A couple of observations and I echo some of the observations made by my colleagues on the committee here. I want to emphasize we saw some really good material today, we saw and we heard a lot of really good discussion around the importance of increasing awareness and just to echo the comments that were just made. I think that anything that's done there is just good for the ecosystem of housing, whether it be homeownership or housing in general.

So in some respects, I've said this before. It's not my coined phrase because I've heard others say it's the best kept secret, housing counseling is the best kept secret. It provides such a great benefit. But the reality is that many in the ecosystem of housing don't know that it's available and who it's available to and how to tap into it. So to the extent that this committee can continue to support and listen in and advocate for efforts that help achieve that increasing awareness is I think of great interest to me and importance to our work.

Secondly, and I think it's related to that point, is Pam's presentation is very compelling. I've seen other ideas like this emerge elsewhere in the, what I call the ecosystem, and I think there are many that are thinking about this, and to the extent that this committee can help to foster support and provide any kind of perspective around how to see something like this become a reality at a scalable perspective, I think is of great importance. It really can help many people achieve the dream of homeownership.

And as I indicated earlier in discussions maybe it'll help people realize that maybe homeownership isn't right for them at this point in time. But that's the value that housing counseling can provide. And as we know that there's sometimes funding challenges for many organizations out there to create a process that has the ability to help sustain the service in a fee-for-service type approach, I think is really a good important idea. And so I look forward to continued discussion around that. I'll leave it at that.

E.J. Thomas: All right, thank you, Martin. Patty, you've had a chance to hear everybody else, so you have to come up with something new, original, and- [LAUGH] Inspiring.

Patricia Arvielo: [LAUGH] Well unfortunately, I couldn't hear some of the earlier conversations, and I have a lot of kind of feedback going on my phone, so I'm not sure if you can hear me or not.

E.J. Thomas: We get you. You're a little bit low on volume, but we can hear you.

Patricia Arvielo: Okay. So, I agree also on everybody's feedback on housing counseling. I've been a practitioner for 36 years, and this has something that's been a hot topic for many, many years. And because I have the opportunity to also run my own servicing company, so I can see how loans perform. And I have \$30 billion of my own servicing. So everything that I've originated, I'm servicing to the end.

And I've been able to look at data and performance for many, many years now. And significant

issues do fall when FICO scores are below 640. I mean, I would love to have an overall mandate of housing counseling for those borrowers. Because a lot of it, when we do reach out to the borrowers, is because they didn't know or lack of information from the MLO, the loan originators, to the buyer at time of purchase.

So I do really feel like housing counseling agencies play a huge part. I don't think that the loan originators or the realtors really know the impact and the positivity that can come from education, and it's free. So I concur with that.

But a lot of what I can see on data and just because I work heavily in the low- to moderate-income environment and I can specifically talk about the impact to the Hispanic communities on how FHA loans are being delivered to the Hispanic consumer by, unfortunately, Hispanic loan originators where I can clearly see that our own people are taking advantage of our own people.

Seeing that there's a report of the HUD side that I can pull every quarter where I can see every FHA loan and the interest rate where the loan was funded. And I can drill down into the data and see who originated it and what company funded it. There's a big disparity between 200 basis points between what banks and what independent mortgage broker or some independent mortgage bankers are charging our consumers.

And I know there's a lack of enforcement from the CFPB to these kind of level of originators is, they kind of start at the bank and then they go to the independent mortgage bankers. But there's really no oversight at all on the independent mortgage broker. And that's why I'm seeing a lot of disparities. And the wholesalers are funding these loans at a higher margin and there's an impact to the low-to-moderate community.

So those are some things that I see, and I have data to show how I monitor what's being done in those communities. But it's quite interesting to me because there's a great impact to the FHA fund overall and the performance of these loans. And I think there's an easy fix. I think we need to put more oversight on the home sellers in every type of loan to ensure that they have compliance in place to monitor disparities.

E.J. Thomas: We've got some heads turning here. Comments?

Sarah Gerecke: I would hope that the committee might decide that a presentation on that data would be very interesting to get. So thanks for sharing that Patty.

Patricia Arvielo: You're welcome. I can get you the data, but we still have to scrub it, and it comes directly off the FHA HUD site.

Sarah Gerecke: Yeah, you're probably better at it than [LAUGH] than I am, I'll say that.

Patricia Arvielo: I get it, I've met many times with HUD and I offer our services. Because I do know that there's not enough funding at HUD to do what we're able to do at our company because we have the resources to do it. But I'm very, very anxious to share the data that I see and I really feel there is a lack of oversight. There's really the majority, there's big lenders offering loans. And they really, if you look at the margin of business that they're doing compared to others, I think it's a very easy fix. I think that's why the banks pulled back on offering FHA loans. So now you have big

independent mortgage bankers offering them to smaller mortgage brokers who have no capacity. They don't have compliance. And it's not all, it's some, and there's outliers. I mean, you can see it very clearly in the data.

E.J. Thomas: Patty, I think it generates some very interesting conversations, as things go on here. So as Sarah said, we're looking forward to getting that data.

Patricia Arvielo: Great.

E.J. Thomas: Thank you. Well, thanks everybody for your comments. And I'll tell you, I don't know how you feel, Pam, but it would be fun to be part of this going forward. To see how this builds out. So we'll look forward to getting information from us as grizzled veterans of this process [LAUGH].

Sarah Gerecke: I like your colleagues, so we will keep you on our mailing list until you tell us to kick you off. [LAUGH] We will invite you to the meetings and-

Marcia Lewis: [INAUDIBLE] He'll start blocking me. [LAUGH]

The former members here, we have others that aren't here, they are a resource for this committee. And participating on panels and getting their input in the subcommittee structure and other things. They're definitely available and it's just a precious, precious resource, so thank you.

E.J. Thomas: Well, thank you. Now is it time for us to circle back around to administrative matters?

Sarah Gerecke: I think that might be a good idea.

E.J. Thomas: All right.

Sarah Gerecke: Although I don't know where Tanya is.

Virginia Holman: I have to text her to come down. Do we want to take a break while I get her down here?

E.J. Thomas: All right, let's take a five-minute break and do that.

Sarah Gerecke: Yeah, thank you. [SOUND]

Afreen Alam: E.J., Sarah, do you need me to stay on?

Sarah Gerecke: I think that-

Sarah Gerecke: Sorry. If there were any votes that the committee wanted to take today, I would say that we need to do that before the committee disperses and some members peel off, so let me just turn back to you. We can develop an agenda with your input without votes per se, but if the committee does wish to vote or make a recommendation at this point, now would be the time.

E.J. Thomas: All right, so the question is, do you want to put something forth as a motion to include the areas of interest that you've got? And if so, we need to build a resolution so that we can get the thing voted on. Or do you take the ideas that you've got here without a vote. And make that a part of

the agenda for your first meeting, and carry that forward?

Marcia Lewis:

I think so.

Glen Holmes:

My question would be when would that next meeting be? Because if we're talking eight months from now for the next meeting, then I think that's a long time to wait.

Sarah Gerecke:

The issue with timing, as you may have guessed, is that we're not very good at predicting it. So once June 1st rolls around, the committee will not have a quorum until the Secretary appoints new members.

Glen Holmes:

So we need to make motions and vote today on anything we want to do between now and the fall.

Sarah Gerecke:

Yeah, I would like to think we would have a meeting again before, in August or September. But that's assuming a lot of things fall into place.

Glen Holmes:

So if we want to create a subcommittee, we need to make a motion for that.

E.J. Thomas:

Subcommittees aren't, I don't think-

Glen Holmes:

We have to request it and then the Secretary-

[CROSSTALK]

Sarah Gerecke:

The Secretary could create it, that's right.

Glen Holmes:

Okay, and if we wanted our friend here to be able to go to a training, at our direction, that would be something that we don't need a motion for?

Jerry Mayer:

If the committee agrees that it has a good purpose, in terms of collecting information, and advising us on training, we can arrange that for you very easily.

Glen Holmes:

So if that motion will be in order, I make a motion to have Paul attend a training on our behalf, to be able to bring that information back and tell us what's what.

E.J. Thomas:

I think that motion's on the table then to allow Paul to go and ask questions.

Pam Marron:

I second.

Marcia Lewis:

I third [LAUGH]

E.J. Thomas:

Move to second, and discussion? Hearing none, all in favor say, aye.

All:

Aye.

E.J. Thomas:

Those opposed? The ayes have it.

- Paul Yorkis:** And I, for the record, would like to show that I abstained.
- [LAUGH]
- Well, just so there's no misunderstanding.
- E.J. Thomas:** That's fair.
- Jerry Mayer:** Paul, we'll be in touch soon to make arrangements.
- Paul Yorkis:** Thank you very much.
- Glen Holmes:** And then in what way would we recommend that the Secretary create a subcommittee? Is that just a-
- Sarah Gerecke:** A resolution, and if you just give me some guidance on what the subcommittee would focus on? If there's something that it needs to drill on-
- Glen Holmes:** It's being called the Marron effect.
- Pam Marron:** Oh no, no, no, no.
- [LAUGH]
- Paul Yorkis:** Well, it could be Pam's Initiative.
- Pam Marron:** No, not that either. [LAUGH]
- Glen Holmes:** I think a subcommittee would be in order to continue that work.
- Paul Yorkis:** Very important.
- Glen Holmes:** So that we can get to the national level before waiting another cycle, and since I've only got until next May before we get this done.
- [LAUGH]
- Paul Yorkis:** If I can add to that if I may. I think it's important to look at that in the broadest possible sense including how a real estate agent would be doing a referral.
- Glen Holmes:** I would hope that one person from each of the four quadrants would be on that subcommittee, would be my goal. And that hopefully somebody from the historical view- [INAUDIBLE]
- [LAUGH]
- Sarah Gerecke:** So I'm hearing that you're interested in setting up the subcommittee to explore, I'm calling it fee-for-service, but I would ask the subcommittee to decide on its own name. And that you are asking for the authority to do that. I think the selection of the of subcommittee members,

because we have some people we don't know who there are yet, I would say that we would be happy to consult with the current committee members about who would like to and would want to serve, and then they can contact whoever they like in terms of gathering additional information. So I can take that, so to make that short, it would be that the resolution might be that you would ask the Secretary to authorize the subcommittee to explore the fee-for-service.

- E.J. Thomas:** The Fee-for-Service Subcommittee. Are you okay with that?
- Sarah Gerecke:** Is that all right?
- Glen Holmes:** I'll move that.
- Paul Yorkis:** I'll second that.
- E.J. Thomas:** Moved by move Glenn and seconded by Paul. Discussion?
- Martin Sundquist:** A question. I want to make sure I understood you correctly and if that was Sarah there speaking.
- Sarah Gerecke:** Yes, I'm sorry.
- Martin Sundquist:** The selection of the participants for that subcommittee then would be defined later?
- Sarah Gerecke:** Unless the committee wants to recommend some committee members now, it's up to the committee.
- Glen Holmes:** I'm willing to serve.
- E.J. Thomas:** All right. Glen and Paul are willing to serve at this point, and Patty or Martin?
- Martin Sundquist:** I would love to serve on that subcommittee.
- E.J. Thomas:** All right, so we have Martin, Glen, and Paul.
- Glen Holmes:** Who's the fourth?
- Sarah Gerecke:** The consumer representatives are not present, I'm trying to think [INAUDIBLE]. Keith is not present and there's one more, or no, that's the vacancy, so you might want Keith, or you might want-
- Glen Holmes:** [INAUDIBLE] I'm happy to have whoever the Secretary appoints, somebody from that fourth quadrant, that was willing to serve, once they know who it is.
- E.J. Thomas:** All right, so the resolution on the table is for the three members so named. It's been moved and seconded. Is there a further discussion? Hearing none, all those in favor, say aye.
- All:** Aye.
- E.J. Thomas:** Those opposed? Any abstentions? The ayes have it. Thank you.

- Sarah Gerecke:** Any other business for the committee before we-
- Marcia Lewis:** I have a question then, because when I was thinking about the subcommittees, I was thinking to myself, what subcommittees would be of value under this committee? So as we broach different topics and then we can come back with recommendations the formation of a subcommittee because I wrote it down somewhere and I can't find it. [LAUGH]
- Sarah Gerecke:** Yes. The subcommittee is permitted by the charter and by laws and it just provides for a working group structure. As you learned there are several rules about the availability of public information. You would not be calling a meeting or doing business because you are not authorized to do that as a subcommittee. I mean the work you do would come back to the full committee for discussion and any action, okay? And project-based subcommittees are fine. Ongoing standing subcommittees are fine. Again, we'd like this to be your organization, so whatever you think you need.
- Paul Yorkis:** I just want to ask folks what their thought is for writing the continuing education certification for loan originators and licensed real estate-.
- Marcia Lewis:** I actually, when you said that, I actually was thinking to myself it needs to be extended not only to those two groups but also to housing counselors as well. I really think there needs to be continuing education required of our housing counseling.
- Sarah Gerecke:** There is continuing education required. So we do monitor that they continue to take training, as Jerry mentioned, but we can do a deeper dive on that.
- Marcia Lewis:** Now, let me see if I'm understanding it right. When they're certified, they're certified.
- Sarah Gerecke:** Right.
- Marcia Lewis:** But you do check, you do look and see if there is have continuing education.
- Sarah Gerecke:** Yes.
- Marcia Lewis:** But there's no, quote, unquote, requirement of continuing education.
- Sarah Gerecke:** There is a requirement that the agencies, the counselors must be knowledgeable. And we generally look to see the training. We ask for the training everyone in the program has taken in the last two or three years. I don't know that we have specific standards around the number of hours of training. I have issued findings when I found counselors not taking training. But so there is a discussion to be had about that continue ed.
- Marcia Lewis:** Yeah.
- Sarah Gerecke:** And I guess what I'm hearing is whether you want to continue work on the continuing ed before the next meeting in some way. And whether that becomes a subcommittee, or we can certainly work informally outside of a meeting and then plan for a presentation on continuing ed at the next meeting if that works for you.

Marcia Lewis: I think that would be-.

Paul Yorkis: That's fine.

Marcia Lewis: All right.

Sarah Gerecke: Thank you. And I think that Afreen I know had some other obligations. So that's why I asked if there was other business of the committee, we need to attend to that. We still have public comment time coming, and we have some recognition activities that we hope Afreen can stay on for a few more minutes and do that. So I'm going to turn it back to E.J., I guess, for-

Paul Yorkis: May I ask, the other items which we listed. If I may, will they end up as agenda items in the future? I'm just trying to.

Sarah Gerecke: In the way that we will have minutes and we will have approval of these minutes so you will have a record of that. We will solicit your views on the next agenda. We may do an administrative call just to decide how to do that. We won't be able to vote on what you are going to take action on, but these aren't going to be lost at all. And I think some of this is just normal for first meeting. You're getting exposed to a lot-

Paul Yorkis: A lot.

Sarah Gerecke: But you have to let it sink in. So, that's how we did it the first time around.

Paul Yorkis: Thank you.

Sarah Gerecke: Yeah.

Virginia Holman: Our photographer is here.

Sarah Gerecke: Okay, what do we do?

Virginia Holman: Are we getting the certificates?

Sarah Gerecke: Yeah, well, you're giving them to me.
[LAUGH] [CROSSTALK]
This is my part.

Virginia Holman: It's too early for them.

Sarah Gerecke: No, we can't do the public comment.

E.J. Thomas: But I think what we can do is tell folks.

Sarah Gerecke: Oh, yes.

E.J. Thomas: We can tell folks what we're doing here. Is that what you're suggesting?

Ravi Nara: No, so because we are running a little bit early.

E.J. Thomas: Early.

Ravi Nara: Public comments is at 3:15. Are we going to wait until that time?

Sarah Gerecke: No, we don't have to.

Ravi Nara: So, in 10 minutes?

Sarah Gerecke: Yes. Do you want to make an announcement on the phone now?

Ravi Nara: Yeah, I'm going to tell the operator to make the announcement.

Sarah Gerecke: Okay.

E.J. Thomas: Great.

Sarah Gerecke: All right, should we wait for that to happen?

Ravi Nara: Yes, please.

Sarah Gerecke: Okay.

E.J. Thomas: So we just stand by here?

Sarah Gerecke: I think for a minute, yes.

E.J. Thomas: Okay.

Sarah Gerecke: Just for a minute. But I think that we, well, actually, I can. Does anyone need a little break?

Marcia Lewis: Marcia does. [CROSSTALK] I can't speak for the rest of you.

Sarah Gerecke: No, that's fine, thank you. [CROSSTALK]

Sarah Gerecke: All right, let's please be back at 2: 30.

BREAK

Ravi Nara: Yeah, we are ready for the public comment session.

Public Comments

- Operator:** Okay, great. At this time, we will conduct the public comment session. Each comment is limited to two minutes. If you would like to make a comment, please press *1 on your phone now and you will be placed in the queue in the order received. Once again, if you'd like to make a comment, please press *1 on your phone now.
- [INAUDIBLE] [CROSSTALK].
- Once again, to make a comment, please press *1 on your phone now if you would like to make a comment.
- We do have a comment from Silvina Sansot from CHFA, please go ahead.
- Silvina Sansot:** Hi. Good afternoon. This is Silvina with the Colorado Housing and Finance Authority. And this is regarding the continued education for the HUD counseling certification. We have homebuyer education, sorry, CHFA requires homebuyer education for all the borrowers that use our program. And most of our partners who provide this education are HUD-certified. But over time, we've seen that some of our partners are no longer certified. So we are trying to keep the standards that HUD requires for their agencies across the border. So I think it would be important for our collaboration and your contribution towards getting some standards towards continued education, after the counselor certification is completed. Thank you.
- Sarah Gerecke:** Thank you.
- E.J. Thomas:** Thank you. Other comments?
- Operator:** Once again, if you would like to make a comment, please press *1 on your phone now. And at this time, there appears to be no other comments.
- E.J. Thomas:** All right. Thank you very much. I know we have a couple of people here in the room.
- Jerry Mayer:** Yes.
- Ibijoke Akinbowale:** Hi. This is Ibijoke Akinbowale from the National Community Reinvestment Coalition. I thought I had way too many comments and questions for a few minutes, so [LAUGH] to keep it brief. I do want to say thank you guys so much for the conversation on RESPA. I think obviously as funding has shifted a bit, and a lot of changes with that, this is definitely a topic that the coalition, well the HUD coalition of intermediaries, have taken up. And a number of organizations are really looking for further assistance on navigating this issue. Wells Fargo has definitely been a leader in this space, so really excited to see what comes out of the subcommittee. And definitely encourage you guys to give the intermediaries a tap at any time to see if we can assist with that.
- In terms of the certification, Jerry made a comment earlier about how can we help, there's about 800 or so folks. I will say that from my own perspective, I've noticed that there is some disconnect about what happens August 2, 2020, when the deadline is up. So expressing and explaining how that's shifting for organizations that haven't already certified their housing

counselors.

And another barrier that has presented itself definitely goes back to the timeliness of funding. Some organizations, and also changes with allowable costs, that changed things for organizations in terms of how they budget to cover the costs associated with the training that they need for their counselors to be prepared to take the exam. So those are definitely factors on why you guys are probably seeing some delays in that instance.

And the last question I really had was about the oversight and the increased performance reviews from the office. I know you mentioned that there were 400. I wanted to know how many intermediaries were a part of that. And if there is some conversation that we are having with intermediaries to explain that there's maybe increased interest on conducting performance reviews and what that looks like moving forward.

E.J. Thomas: Do you want to answer, Sarah?

Sarah Gerecke: Well, we normally actually don't answer in public comments because of the way this is. So if I may take your question in the form of a statement, [LAUGH]-

Ibijoke Akinbowale: Certainly.

Sarah Gerecke: That the intermediaries would like more information about the performance reviews and what's happening, we could certainly deliver that.

Ibijoke Akinbowale: And just one other point, if I may, on the continuing education. I know there's a lot of reference, multiple places, be it in the NOFA or other content on the HUD Exchange in terms of the National Industry Standards and HUD's support of those adoptions, and so as we talk about what that looks like for folks past certification, it might be a good place to continue that conversation with that committee as well. Thank you guys.

E.J. Thomas: All right, thank you.

Paul Yorkis: Thanks for being here.

E.J. Thomas: And who else do we have in the room?

Karen Gary: Hi. I'm Karen, Karen Gary, Park Heights Renaissance, Baltimore, Maryland. I've been in the non-profit end of housing counseling for nearly 20 years and I'm grateful to be in this room. I'm grateful to be part of this conversation. I'm glad to see that the mortgage industry is looking upon the housing counselors has a partner in the link to homeownership, because it's the housing counselor's job, not mine, to make certain that their client, a potential homeowner, is homeowner ready.

So that means building out that plan to address whatever credit issues, whatever obstacles. And including budgeting and increasing savings, so that once they do become a homeowner, two or three or four or five years, they're not fumbling your household responsibilities. And you will find yourself with an inability to address your mortgage payment, and therefore, you will experience foreclosure.

So here is the housing counselor upfront, getting a client spic-and-span clean and secure with their savings so that they can proceed forward. And we have a good promise puzzle piece in partnership with the bankers, the mortgage lenders, and so forth. And we should be real estate agents and we should be step 1 in the process always. It should be mandatory.

E.J. Thomas: Thank you.

Paul Yorkis: Thank you.

E.J. Thomas: Further comments? If not, I think that concludes public comment for today. We've jumped all over the agenda.

[LAUGH]

Just close your eyes and wet your finger and put it down on the paper plate and that's where we are.

[LAUGH]

Administrative Matters

A. Recognition of founding members whose terms have expired

Sarah Gerecke: Well, this is the bittersweet part of the agenda, but we do have four members whose terms expire, and I'm very pleased to be able to recognize their contributions and share that with you.

You heard from them, you did not hear from Judy Hunter, and she retired recently, and I think has truly earned her a retirement on that. But she was also a fantastic contributor through her knowledge of the rural housing counseling environment. HUD, as I was joking, loves to give expensive presents in gratitude for your service, but we do have certificates.

And I would like to read one of them to you so that you know how we feel about Afreen, Judy, Pam and EJ, and their extraordinary service to HUD, to this program, to all of the staff in the Office of Housing Counseling, and especially to the counseling agencies and counselors. And I think you hear from the public comment that your work has meant a lot to them, and certainly been followed closely all over the country. So Afreen, if you remain on the phone, I will read this to you, but it will be the same for each.

This is an Office of Housing Counseling certificate of appreciation, in this case to Afreen Alam. After the Housing Counseling Federal Advisory Committee was established in 2014, you were selected to be a founding member of the committee. Your contributions help set the tone and goals through committee. The committee will build on your input to achieve its objective of providing advice regarding the carrying out of the functions of the Office of Housing Counseling. You assisted in research and discussion of a variety of topics that were incorporated into the work of the Office of Housing Counseling, and we appreciate your dedication and your commitment. Thank you for your service. Signed by me, Sarah Gerecke, with many thanks.

I'd like to give certificates in person here to Pam and E.J., and we can take a picture and I'm giving a certificate virtually to Judy and to Afreen. But if you would join me as I do that in just expressing appreciation to them, more than words can say.

[APPLAUSE]

B. Photos

Sarah Gerecke: Are you the photographer? You want us against that wall? Okay, I'm going to do an individual picture with you two, and then we'd like one group photo with the members who are here.

[CROSSTALK]

Marcia Lewis: I'll think of something else to keep you all here. [LAUGH]

Next Steps and Adjourn

E.J. Thomas: Well, for everybody on the phone, thank you very much for being on today. I know it's always a little tricky when you're on the phone, wondering what in the world's going on in the big room. But you've been in on all the important stuff, and again, it's been a privilege and an honor to be the chair here for last few years and we'll turn it over to capable hands.

And so, with that, I think, unless there are, unless there's anything else to come before the committee at this time, we will stand adjourned. All right.

All: Thank you. Thank you.

Operator: This concludes today's conference call. Thank you for attending.