



VOLUME 1, ISSUE 11

April 23, 2013

# THE BRIDGE

## BREAKING NEWS!

Beware of continued loan modification and foreclosure scams. Some companies are sending mail to foreclosure clients with "Notice of HUD Relief" on the top and HUD's logo on the bottom. Remind your clients to report these scams to local and state officials. To get more information on how to prevent and report loan scams, visit [HUD.gov](http://HUD.gov) or [loanscamalert.org](http://loanscamalert.org).

# Housing Counseling Rocks in Rural Communities!

## Open Dialogue on the Successes and Challenges of Rural Housing Counseling Agencies



The Rural Community Assistance Corporation (RCAC) is a multi-state agency that helps to build capacity of other nonprofits and create new agencies to serve low-income people living in the rural west. Founded in Sacramento, California in 1978, RCAC's employees serve rural communities in 15 western states, plus the western Pacific. RCAC provides a wide range of services including training for HUD-approved housing counseling agencies; affordable housing development; economic and leadership development; and community development finance.

Recently, Teresa Bardwell, RCAC's Rural Development Specialist, reached out to several rural agencies to get their views on some of the major challenges they face and those that lay ahead. Although many of the challenges are similar to those faced by housing counseling agencies across the country, rural agencies have unique circumstances.

The candor of the agencies is appreciated and some of their answers may surprise you!

- Q: What are some of the major issues facing your agency?**  
**A: Rural Utah** - Lack of funding, increasing HUD reporting requirements and difficult online reporting system. At this point, we see our staff spending as much time dealing with reporting as they spend one-on-one time with clients.
- Q: What are some of your challenges with clients?**  
**A: Rural Arizona:** Location of clients- Many of our clients live one to three hours away. They don't have reliable transportation

or the funds to drive to us. We spend a lot of time on the phone and have delayed response time to get follow-up documentation. If they mail it, it takes a while. They often have to go to the local library to fax documents and that may be a challenge or burden. They don't have reliable internet and/or no ability to scan.

**A: Rural Arizona #2:** Loss of income, loss of jobs, vacant homes that have left neighborhoods empty, poor credit, no credit, lenders not willing to lend for houses that cost \$50K or less.

**A: Rural Hawaii:** Clients are often separated from us by geography (i.e. ocean, mountain) with few well-maintained roads for travel and little or no public transportation. We struggle with finding venue space closer to clients' homes to mitigate transportation costs for families served.

3. **Q: What are your challenges with the local housing market? Local banks?**

**A: Rural Utah:** Local banks, especially small banks with no (Community Reinvestment Act) CRA requirements, give no financial support, and very little involvement with our foreclosure efforts.

**A: Rural Oregon:** a: Housing- lack of adequate housing. Even with a better buying market clients cannot still afford to purchase. In some areas, the housing prices have not declined making it impossible for clients to afford a home. b: Banks- lack of response and concern for needs in the community. Clients on lower end of the income spectrum are not viewed as attention worthy.

*(continued on page 5)*



**Sarah Gerecke**  
*Deputy Assistant  
Secretary  
Office of Housing  
Counseling*

## FROM THE DEPUTY ASSISTANT SECRETARY

Greetings,

One of the many great joys of my job is meeting with housing counselors and clients from around the country. Over my career, I have met housing counselors and the families they help from all but a handful of the states and territories. Since I've come to HUD, I've travelled to Arizona, California, Colorado, Florida, Georgia, Illinois, Kentucky, Maryland, Minnesota, Missouri, Montana, Nevada, New York, North Carolina, Virginia, and of course, the District of Columbia! Office of Housing Counseling staff work in 30 locations, and they too get the opportunity to meet with local groups and share the local knowledge.

Unfortunately, sequestration has limited our ability to travel this year, so I rely on stories from you and each issue of *The Bridge* to bring news of the economic environment facing families looking to obtain, retain and sustain their homes. With each visit and each story, we want to know why housing counseling is needed; what are the local housing market conditions; how have housing counselors created strong partnerships and innovative tools; and what networks exist to provide information and support for them. I come away with lots of ideas and suggestions for ways that HUD can be a good partner, and I am always energized by the creativity and commitment coming from the network of HUD-approved housing counseling agencies.

Housing counselors working in rural areas of the country face particular challenges, including high rates of poverty and unemployment, poor housing conditions, few lending resources, and barriers to communication. Face-to-face counseling is particularly challenging, and I remain surprised and pleased by stories of counselors and clients driving hours for a class, or using internet technology (if available) to meet virtually face-to-face. Networks supporting rural counseling, such as those in Wyoming, Minnesota and Montana, and rural intermediaries like RCAC play a crucial role in providing peer and programmatic support.

Although most of my career was spent in New York City, I believe strongly that inner-city programs have more in common with rural programs than either might think. The tools and techniques to reach hard-to-serve families, whether due to language or immigration status or isolation in high-poverty areas, can be effective in both environments. The challenges posed by shrinking private revenues are similar. Understanding the local market, using data, university partnerships, and surveys, is a critical factor for both urban and rural programs. Housing counselors in both settings must be flexible, creative, persistent and cost-conscious.

The staff of the Office of Housing Counseling is working hard to expand the reach of HUD-approved housing counseling and sharing innovative tools for marketing and outreach especially to underserved people and places. Please send your program models to *The Bridge* at: [thebridge@hud.gov](mailto:thebridge@hud.gov), so that we can feature them in our upcoming issues.

*~Sarah*

## OUT AND ABOUT AROUND THE NATION



### Manna Ministries Finds Funding Success with 'Hardest Hit Funds' Program

Manna Ministries, located in Picayune, MS, provides support to individuals and families who lack basic essentials due to low income or poverty. Their goal is to help these families reach their full potential by tackling the root causes of poverty.

Manna Ministries has experienced success in providing aid to their clients with the ['Hardest Hit Funds' \(HHF\)](#) program. According to Dixie Reneault, Manna's Administrator, "The HHF program has proven to be very successful for our clients who have suffered a loss of income through no fault of their own. This program has saved several of our clients from foreclosure. The beauty of the program is that it not only brings their loans current, but it will continue to make their monthly payments for up to 11 months as long as they meet the eligibility guidelines. This has to be our best success story."

HHF programs are designed and administered by each state's Housing Finance Agency (HFA). Most of these programs are aimed at helping unemployed homeowners remain in their homes while they search for new employment and those who owe more on their mortgage than their home is worth. State HFAs have until the end of 2017 to utilize funds allocated under HHF.

When asked what advice she would give on how other rural agencies can obtain funding, Dixie said, "My advice would be to get connected and stay connected. Sign up to get on email lists that alert you to funding opportunities like Grants.gov or Grant Station or through your state center for non-profits. Get connected with your state development authority, join your state chapters of non-profits, and network, network, network! I have found more funding resources through people I have networked with than through any other source. Join housing consortiums and attend as many housing counseling trainings as possible. They are all great ways to network with others both inside and outside of your state, and they have a wealth of information to share about funding resources."

Visit [Manna Ministries Inc.](#) for more information about their services.

### How Online Pre-Purchase Education Pays Off for ACCESS Client



By Donna Lea Brooks, ACCESS Housing Counselor

A HUD-Approved Housing Counseling Agency since 1991, ACCESS serves Jackson and Josephine Counties, in Southern Oregon. Our service area encompasses over 4,422 square miles with just under 290,000 residents. ACCESS provides both pre-purchase education and individual pre-purchase counseling along with group foreclosure prevention workshops and individual counseling.

Recently, one of our first ["eHomeAmerica,"](#) online pre-purchase education clients, received the keys to her first home! Heather attended our online pre-purchase education class and came into the office for her one-on-one counseling session. She is a single mother to 3 children with income below 80% MFI. Heather works full time as a social worker in Medford, OR. She had been looking to purchase her first home for a couple of years, but had credit issues that she needed to clean up. Heather started working with the Housing Authority of Jackson County and participating in their Family Self Sufficiency (FSS) program about three years ago.

The FSS program required her to attend the pre-purchase education class, which she chose to do online for convenience. In working with Heather, we discussed how housing prices and interest rates have declined and she knew that this was the perfect time for her to purchase. During the three years she had participated in FSS, Heather built up her "escrow" account to more than \$4,300, which she used towards her downpayment and closing costs.

Her mortgage lender was able to pre-qualify Heather for a purchase price of \$139,000 utilizing an FHA loan with 3.5% down and the Oregon Bond "cash advantage" loan program, which builds in 3% cash for closing costs, with an interest rate of 3.625%. Her payment is affordable and sustainable for her and she is very proud of being able to purchase her first home for her family.

Visit [ACCESS](#) for more information about their services and the use of technology to benefit clients.

## INQUIRING MINDS WANT TO KNOW

### What Training Opportunities are Available for Rural Housing Counselors?

By Tamera T. Adams  
NeighborWorks Marketing Consultant II



Busy housing counselors— especially those in rural areas who may not have convenient geographic access— can often face budgetary and scheduling challenges in taking advantage of training offerings, and even networking with peers. Recognizing these challenges, as well as the different ways in which people process and retain information, NeighborWorks has developed a variety of learning options for the counseling community. Whether they attend in-class training at a NeighborWorks Training Institute or a local/regional “place-based” training, or learn at their own convenience online, rural counselors have gained new skills, tools and resources, and even increased confidence, to empower their efforts and communities.

Without the national NeighborWorks Training Institute (NTI)—an intensive, week-long event with classes led by expert faculty—Tina Johndrow may have changed her career path. In a class at an NTI, Tina, a senior housing counselor at Windham & Windsor Housing Trust in Vermont, realized she was not alone in her struggle to deal with the outcomes of clients whose dilemmas could not be favorably resolved. Now in her 12<sup>th</sup> year as a counselor, Tina says there are not many NeighborWorks’ homeownership courses that she has not completed. She appreciates the availability of scholarships to attend classroom training in person and take courses online.

Alicia Ayers, a client retention specialist at Rural Dynamics Inc. in Great Falls, Montana also prefers the face-to-face learning approach through Training Institutes and place-based training. Alicia has also taken advantage of NeighborWorks’ remote learning options – both eLearning and virtual classroom— to advance her learning in mortgage financing, HECM and HUD’s Emergency Homeowners’ Loan Program.

After attending the Lending Basics course at a regional NeighborWorks place-based training event, Alicia reported gaining a greater understanding of all aspects of the lending process, including the back-office and underwriting processes.

The instruction Alicia received helped her fill the information gap between the lenders and the borrowers, directly resulting in two clients quickly closing on a mortgage loan during a time when the rules were frequently changing.

Place-based training is offered around the country at the request of major partners such as HUD, state HFAs, the NFMC program and financial institution partners, and allows counselors to learn alongside peers and partners in their general geographic area.

For counselors who can’t get to in-class training, or who prefer to learn in “modules” according to their schedule, eLearning courses are an affordable, user-friendly and convenient alternative. Erica Richardson, a foreclosure counselor at Consumer Credit Counseling Service in Merrillville, Indiana, was faced with budget constraints and a need to quickly get up-to-speed in a new job. She enrolled in an eLearning course and efficiently picked up the information she needed, when she needed it.

Some learners prefer a hybrid approach – the convenience of learning online, combined with the ability to easily interact with faculty and share best practices with fellow counselors.

The newest learning offering from NeighborWorks is Virtual Classroom, which offers professional development similar to what we provide at our in-class sessions. The only difference is that learners interact and collaborate with faculty and fellow participants online via the latest web-based tools (i.e., wikis, chats, forums, etc.). They can take advantage of learning tools whenever their schedules allow and wherever they can connect to the internet within the duration of the course offering. The experience is simple and effective— and the equivalent of an in-class experience with no travel budget required. This year, Virtual Classroom will be augmented with timely and topical webinar offerings, which will provide intensive and relatively brief training on specific issues of interest to the counseling community.

As always, the goal is to spread knowledge, build skills, share best practices and the latest methodology to as many counselors as possible – no matter where they live or work!

To learn more about the wide range of training opportunities at NeighborWorks, visit [www.nw.org/nchec](http://www.nw.org/nchec).

# HOUSING COUNSELING ROCKS IN RURAL COMMUNITIES, CONT.

**A: Rural Arizona:** Most servicing is done from out of state. They do not understand the issues clients are facing. They take so long to complete modifications or any service. They stretch it out to make the borrower even more delinquent. For pre-purchase most lenders only have offices situated in the bigger cities to complete loan applications. Real estate agents often guide the borrower in the wrong direction. Housing Counseling has helped immensely.

**A: Rural California:** The area economy continues to suffer. No more lumber, fishing, cattle, tree crops. No industry means there is very little new housing. What's around pretty much stays in the family and if something does come up for sale it is way over priced for the legal median- income family. The old HUD houses built many years ago on the reservation are badly in need of repair. No money to do what's needed. Too expensive to build new housing, manufactured housing has become even more expensive.

**A: Rural Hawaii:** The local housing market has one of the highest housing cost burdens for homeowners and renters with Hawaii households paying approximately 56% of their monthly income toward housing. Median home sales prices are at \$625,000 and fair market rent for a 1-bedroom at \$1200. As a result, Hawaii has seen its homeless rate spike and, due to speculation in real estate development, very few affordable housing units being made available. Of those who became homeless in 2010 and 2011 in Hawaii, 42% were children.

In addition, local banks have extremely tight underwriting guidelines, making it tough for low-income families to purchase homes, especially when USDA and HUD affordable financing programs are influx. In fact, it was not until the late 1990s that local lenders would even offer loan products to families purchasing on Hawaiian Home Lands, claiming they did not know they could lend on Native Trust lands.

4. **Q: Have funding sources gone dry?**

**A: Rural Arizona:** When we explain that our clients are often five hours away from Phoenix with no ability to get there, lenders don't

seem to understand the area we are serving or how this could be an issue. We used to receive \$20,000 from a major bank annually for housing counseling. We have received no support in the past two years. We also used to get housing counseling funding from the City of Flagstaff, as well as down payment assistance funds. When the City had an operating deficit three years ago, that funding was eliminated. Now, we have "replaced" it with CDBG funding through the City, but the funding amount is much lower and the clients we can serve are more limited – under 80% AMI instead of 125% AMI.

We had a grant from the Attorney General's office for two years. When that ended, we were not able to replace the foreclosure counselor. Pre-Purchase counseling needs a full time counselor to help move more borrowers into getting down payment and closing cost assistance. One of our partners has available NSP 3 funding but it will be ending shortly.

**A: Rural California:** Except for the HUD funds from NAHASDA and whatever money tribes allocate from revenue, there are no funds. Education Supportive Services Dept. was funded but the future does not appear bright.

**A: Rural Hawaii:** No, but the Department of Hawaiian Home Lands (DHHL) cancelled all fee-for-service contracts for homeownership assistance even though they require all native Hawaiian Beneficiaries to complete a Homebuyer Education Program prior to purchase. We struggle with convincing this State agency, which has the fiduciary responsibility to assist native Hawaiians to achieve economic self-sufficiency, to invest in the people and communities they are obligated to serve. These funds were made available through the Native American Housing Assistance and Self Determination Act (NAHASDA).

For more information on RCAC's efforts in rural communities, visit [www.rcac.org](http://www.rcac.org).



## INQUIRING MINDS WANT TO KNOW

### What is the Outlook for the Office of Housing Counseling in the Fiscal Year 2014 Budget Planning Process?

In a call with stakeholders, Sarah Gerecke, Deputy Assistant Secretary of the Office of Housing Counseling (OHC) shared highlights of recent activities that will have an impact on housing counseling programs including: White House announcements, HUD's budget request to Congress, and proposed legislative initiatives.

**White House Announcements** – The Administration announced three new housing initiatives aimed at building on our efforts to connect struggling homeowners to the Administration's foreclosure prevention programs.

1. **A partnership between the U.S. Treasury and NeighborWorks America to connect at-risk homeowners to solutions through the Make Home Affordable program.** Housing counseling agencies will help struggling homeowners successfully complete and submit application documents to their mortgage company free-of-charge. These agencies will also develop and implement strategies to raise awareness of the program among potentially eligible homeowners, especially those in historically underserved communities.
2. **U.S. Department of Labor** will provide information about mortgage forbearance programs for the unemployed by leveraging **American Job Centers** across the country.

3. **The official launch of the Office of Housing Counseling.** Our soft launch was in October, but now we are officially up and running to support the network of HUD-approved housing counseling agencies.

**HUD's Budget Request for 2014** – The Federal budget debate continues to impose limitations including sequestration this year and heightened scrutiny over spending next year. HUD's FY2014 budget will help grow our economy from the middle class out, while supporting the recovery in our housing market, and creating ladders of opportunity in communities across the country.

The 2014 budget recognizes that the recovery of our housing market is essential to our economic recovery – a roadmap for HUD to do its part in building the economy from the middle class out. We believe that HUD's housing counseling program is critical to HUD's support for the housing market recovery, encouraging the return of private capital and rebalancing the nation's housing finance system.

Below is a summary of the housing counseling program budget for 2013, which provides context for our 2014 budget request. Additionally, our proposed legislative initiatives are outlined in this issue's *On the Horizon* section on page 8.

<b>Total Housing Counseling Program 2013 Budget</b> <b>\$42,646,230</b>	<b>Total 2014 Office of Housing Counseling Budget Request</b> <b>\$55 Million</b> <i>(a 29% increase from post-sequestration 2013 funding levels)</i>
\$38,276,995   Comprehensive grants	\$44.5M   Comprehensive grants
\$ 2M   Training grants	\$ 6M   Training grants
\$ 2,369,235   Administrative/Contracts	\$4.5M   Administrative/Contracts <i>(to improve the program and implement Dodd-Frank)</i>

<b>2013 Sequestration Impacts</b>	<b>Proposed 2014 Budget Impacts</b> <i>(estimates based on past trends)</i>
<ul style="list-style-type: none"> <li>• Sequestration reduced the original budget request by approximately \$2.4M</li> <li>• 75,000 fewer households will be assisted as a result of decrease</li> <li>• Vast majority of appropriated funds are for direct housing counseling assistance</li> <li>• Smaller amounts available for training and capacity building and HUD program administration</li> <li>• Office of Housing Counseling cost for staff and expenses is part of the Office of Housing budget – not from OHC appropriated funds</li> </ul>	<ul style="list-style-type: none"> <li>• Increased funding will assist a total of 2.1 million consumers (27% increase from 2012) to help them address housing challenges</li> <li>• Will increase number of HUD-approved housing counseling agencies from 2,400 to 2,624</li> <li>• Will leverage an estimated \$320 million in other public and private funding</li> <li>• Admin/contract funding will be used to prepare for certification of housing counselors as required by the Dodd-Frank Wall Street Reform and Consumer Protection Act</li> <li>• Will expand capacity of housing counselors by funding training and technical assistance through multiple modalities and languages</li> </ul>

# CHAMPIONS OF SERVICE



**Cindy Peake** is certified in Housing Counseling, Foreclosure Intervention, and Default Counseling. She started with Community Action Team, Inc. (CAT) in November, 2004. CAT serves a three county area (Clatsop, Columbia and Tillamook, Oregon) with a population of 111,958. It is the only HUD-approved agency providing housing counseling services within this service area for low-to-moderate income households.

Cindy brought 8 years of mortgage background, and 20 years of crisis management skills to CAT with her. Using these skills, Cindy works with clients to assist them in determining the most appropriate option for their current housing situation. Housing options might include buying their first home, renting their first apartment, preventing foreclosure of their current home or transitioning into the next phase of housing.

Here is a great example of Cindy's work with a foreclosure prevention client where she made a huge difference.

Cindy had been working with the client since November, 2011. The client and her husband were going through a rough patch financially. She was working but her husband's business in construction had been drastically reduced due to the economy. Their mortgage company was not one of the big 5, which can be an advantage and also a disadvantage.

Cindy worked with them to submit their paperwork several times requesting a modification. They received a trial modification for the months of July through Sept. 2012 and their final modification paperwork in October 2012. The final modification saved the client \$1785.97 each month! See the details (previous & modified) in the table to the right.

The client also received a "borrower incentive" of the lesser of 1) \$83.33 or 2) ½ of the reduction in the monthly mortgage payment each month as long as their loan stays in good standing for the first 5 years of the modified loan! The incentive is applied as a principal reduction, for a

potential additional savings of approximately \$5000.00 over the 5 year period. Cindy read the modified loan papers 3 times to make sure she was reading it correctly. The modification was such a great deal for the client!!

Cindy has always counseled her clients that the road is not an easy one in terms of getting a modification. She tells them, "We have to submit and submit and submit paperwork. It is trying and wears your patience thin – BUT there are days when the results are super!!"

Cindy shares that, "This modification not only made the clients day, it made my day! It also strengthened the resolve within me that, as a housing counselor, I can make a difference for my clients. CAT has given me the ability and encouragement to "carry the ball" as a housing counselor."

Congratulations Cindy, you are a true Champion of Service!



PREVIOUS	MODIFIED
<b>Unpaid Principal Balance</b> \$372,000.00	<b>Unpaid Principal Balance</b> \$212,128.70 (interest bearing)
	<b>Deferred UPB</b> \$168,098.57 (non-interest bearing)
	<b>Total UPB</b> \$368,768.82
<b>Previous Payment</b> \$2,943.89	<b>New Payment</b> \$1,157.92
<b>Previous Interest rate</b> 6.75%	<b>New Interest rate</b> <ul style="list-style-type: none"> <li>○ 2.0% (year 1-5)</li> <li>○ 3.0% (year 6)</li> <li>○ 3.375% (year 7-40)</li> </ul>

*THE BRIDGE* is pleased to recognize Champions of Service who have provided exemplary service in the Housing Counseling arena, inside and outside of HUD. Nominations of persons both inside and outside of HUD are welcomed. Please send your nominations by the 20th of each month to: [thebridge@hud.gov](mailto:thebridge@hud.gov).

## ON THE HORIZON

### 2014 OHC Legislative Initiatives

As part of the 2014 budget request to Congress, the Office of Housing Counseling is proposing the following legislative changes that will help to improve the housing counseling program:

1. Give authority to grandfather in experienced housing counselors without having to take certification test and allow for more than one test provider.
2. Allow HUD to receive contributions from private entities for distribution by HUD to housing counseling agencies, allowing an additional vehicle for legal settlements to get funding to those in need.
3. Provide flexibility in grantmaking, permitting multiyear grant authority.

**Other Plans to Improve the Housing Counseling Program include:**

1. Incorporate housing counseling into FHA programs through incentives or requirements for purchasers and for borrowers at risk of default.
2. Regulations to implement counselor certification.
3. Regulations to implement the Federal Advisory Council for the Office of Housing Counseling.
4. Develop standards across counseling activities:
  - a. Pre-purchase and foreclosure exist
  - b. Need for other counseling types – rental and homeless counseling

We are committed to funding the housing counseling program and improving it in partnership with you. Thanks once again for your commitment to helping people overcome barriers to safe and affordable housing through housing counseling.

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