



## U.S. Department of Housing and Urban Development

### Housing Counseling Federal Advisory Committee

#### Meeting Minutes

May 22, 2019

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The Housing Counseling Federal Advisory Committee (“HCFAC”) of the U.S. Department of Housing and Urban Development convened a public meeting on May 22, 2019, from 9:00 AM to 4:00 PM at the U.S. Department of Housing and Urban Development, 451 7<sup>th</sup> Street, S.W., Washington, D.C. Public attendees included forty-four (44) participants by phone and seven (7) in-person attendees.

**HCFAC Members present:**

1. E.J. Thomas, Chair, Real Estate Sector
2. Afreen Alam, Consumer Sector (phone)
3. Patricia Arvielo, Mortgage Sector (phone)
4. Glen Holmes, Housing Counseling Sector
5. Marcia Lewis, Real Estate Sector
6. Pamela Marron, Mortgage Sector
7. Martin Sundquist, Mortgage Sector (phone)
8. Paul Yorkis, Real Estate Sector

**HUD Staff present for all or part of the meeting:**

1. John Garvin, General Deputy Assistant Secretary for Housing
2. Sarah Gerecke, Deputy Assistant Secretary, Office of Housing Counseling and HCFAC Decision Maker (DM)
3. Virginia Holman, Designated Federal Officer
4. Emelda Kennerly, Alternate Designated Federal Officer
5. Danberry Carmon, Assistant Deputy Assistant Secretary, Office of Housing Counseling
6. Jerrold Mayer, Director of Outreach and Capacity Building
7. Brenda Lambert, Contracting Officer’s Representative
8. Terry Carr, OHC Staff
9. Tania Pinckney, OHC Staff

10. Charlene Young, OHC Staff
11. Donna Smith, OHC Staff
12. Connie Barton, HUD Staff (phone)
13. Jonathan Freyer, HUD Staff (phone)

***Please see remaining list of attendees at the end of this document.***

## **Opening of the HCFAC Meeting**

HCFAC Chair E.J. Thomas opened the meeting at 9:00 am, EST, and made introductory remarks. He then turned over the meeting to Deputy Assistant Secretary of Office of Housing Counseling Sarah Gerecke, who welcomed participants and reviewed the meeting's agenda.

## **Introduction of Secretary Carson or Representative**

Ms. Gerecke reviewed the agenda for the day and the attendees introduced themselves. Ms. Gerecke explained that HUD Secretary Carson was unable to attend the meeting. He wanted to be there because he supports the committee's mission and strongly believes housing counseling is an essential tool for people to help themselves and become economically stable. Assistant Secretary and FHA Commissioner Brian Montgomery, acting as deputy secretary, is a strong advocate of housing counseling as well.

She then introduced John Garvin, General Deputy Assistant Secretary for Housing and number two to Mr. Montgomery.

Mr. Garvin thanked the committee for inviting him to the meeting. He has been back at HUD for three months. Mr. Garvin said he used to work at the Texas Housing Finance Agency and recalled the important role housing counseling played in helping individuals with disabilities purchase homes by providing housing counseling and down payment assistance. Later on, the Texas legislature launched one of the first statewide home buyer education programs and started a network of certified housing counselors. This network continues to help Texas during disaster relief times.

Mr. Garvin stated Secretary Carson and Mr. Montgomery send their regards to the committee. Both were very involved in the selection process for the new committee members. He also credited Ms. Gerecke with her perseverance in keeping the committee's interests in front of the leadership.

Mr. Garvin also believes that the mix across industry collaboration in the committee is crucial to the committee's success in providing advice to HUD on housing counseling. He stated the most important thing the committee can do is to help advise HUD.

## Office of Housing Counseling Program Updates

Ms. Gerecke presented an overview of the housing counseling program, which offers independent expert advice to help consumers overcome barriers to achieve their housing goals. Nearly 37% of housing counseling services are offered through workshops or group education, and the rest through individualized counseling. Over 1,800 HUD-approved housing counseling agencies exist, reaching over a million families. That is a decline from about 2,500 agencies after the crisis, which may indicate they are each serving more people.

She explained that housing counseling agencies must reach a minimum of 30 families, and some do many more. They offer services based on their local market needs. Of all services provided, 37% were delivered through workshop or group education, and the rest through individualized counseling. The individualized counseling was made up of 26% related to pre-purchase, 16% to mortgage delinquency prevention, 9% to rental, and 6% to reverse mortgage.

Through fiscal year 2018, about 300,000 people worked with counselors to develop a budget, about 170,000 to improve their financial capability through better credit or better savings, and 170,000 gained access to resources, emergency eviction prevention emergency funds or legal services or down-payment assistance. Federal support is tailored to the number of people who could receive services. At the height of the foreclosure crisis, Congress appropriated over \$400 million for housing counseling, allowing agencies to reach out to 3 million people.

Ms. Gerecke said that HUD supports the program through housing counseling grants and expects agencies to leverage federal dollars with non-federal funds. HUD asks housing counseling agencies to document the leverage when they apply for funds, and they have consistently raised six private or non-public, non-federal dollars for every dollar of federal funds. The committee emphasized the importance of housing counseling agencies' sustainability.

Ms. Gerecke then summarized recommendations made by the committee at its May 2018 meeting and discussed OHC's activities since then. (Recommendations are highlighted in bold)

### **1. Work with loan originators to collect consumer fees for counseling during the loan transaction and provide credits to closing costs or a loan-level price adjustment.**

HUD is continuing to research this issue, said Ms. Gerecke, as it raises questions about its own policies around clients paying for services and their ability to collect those payments in the mortgage loan. Fannie Mae's Home Ready program gives a loan-level price adjustment for housing counseling in the closing that generally goes back to the consumer and counseling agency.

### **2. Consider the timing of appropriations and create ways to minimize financial stress to agencies on late awards.**

Due to number of reasons, including change in leadership and the government shutdown, the 2018 awards were delayed and NOFA for 2019 has yet to be published. OHC is considering ways to mitigate delays for 2019 and beyond. This is viewed as the highest priority.

### **3. Provide authority to form subcommittees as needed to conduct research and expedite work.**

Section 13 of the Charter provides authority for the HUD Secretary to create or disband a subcommittee, which must report to the full committee. Only full committees can make decisions.

### **4. Promote the financial sustainability of housing counseling agencies. Research alternatives such as a dedicated fee (i.e. \$50 at home closing to go to a fund to distribute to HUD housing counseling agencies).**

Ms. Gerecke said it would be inappropriate for the federal government to promote the dedicated fee proposal, although some states are looking at taking a portion of the transaction to fund housing counseling. HUD will publish a research paper showing different funding models for housing counseling and public-private sector partnerships that may be replicated. Ms. Gerecke hoped to have that available before the next committee meeting.

It also provided a webinar on how to diversify funding sources.

### **5. Focus more attention on increasing awareness and visibility of housing counseling.**

The morning's presentation will address how the agency plans to increase awareness. June is homeownership month and activities have been planned to raise awareness of housing counseling. Ms. Gerecke commented that the committee has spent a lot of time focusing on increasing awareness of housing counseling so it's not a "best kept secret".

### **6. Consider creating continuing education classes in housing counseling for loan originators and real estate agents.**

Some outreach was done on continuing education, but the office would welcome the committee's assistance to pursue this proposal.

### **7. Distribute funds from private funders to create a pool that would supplement appropriated funds that housing counseling agencies receive.**

OHC was asked to consider distributing funds from private funders through NOFA so charities can contribute to HUD and HUD can then distribute funds to counseling agencies, making donations more efficient. Ms. Gerecke said that legal authorization would be necessary to pursue this option and many logistical hurdles exist. She asked the committee for feedback on whether this option is worth pursuing.

### **8. Integrate housing counseling into the mortgage process through incentives and ensure counseling occurs prior to the contract of sale.**

HUD supports this premise and supported Fannie Mae's Home Ready program, introduced in 2018. Bank of America, Wells Fargo and other banks have rolled out programs that included HUD housing counseling as a requirement.

## **9. Create a more standardized and streamlined approach to housing counseling across the board.**

OHC will devote a lot of time this year to writing more detailed standard operating procedures, putting out more FAQs, clarifying their handbook, and streamlining functions.

(The next three recommendations relate to reverse mortgages)

## **10. Terms for non-borrowing spouses are too onerous.**

This recommendation was shared with FHA.

## **11. Improve HUD instructions on HECM default Prevention.**

OHC clarified its policy regarding HECM loans with housing counseling agencies. For instance, housing counselors do not have to be certified to engage in HECM default prevention. Ms. Gerecke welcomed a discussion on how the committee wants to build on those proposals or introduce others.

## **12. HECM borrowers need simple “keys for cash” program.**

Ms. Gerecke said this recommendation was shared with FHA.

Ms. Gerecke then addressed the quality of housing counseling, pointing out that OHC hopes to conduct about 400 reviews—desk audits as well as in-person audits. Housing agencies are given 30-days prior notice for on-site reviews. Unannounced inspections take place when the agency appears to be engaged in questionable activity or is perceived to not be providing housing counseling services. She said OHC does not believe in “I gotcha” reviews, and reviews are often conducted as a training and teaching tool.

Review findings can range from housing counseling agencies having incomplete files to facing severe financial issues that threaten the agencies’ ability to provide services.

Committee member Marcia Lewis asked about the areas of risk examined as part of the reviews. Ms. Gerecke said her office looks into how the housing counseling agency is using its funds, the quality of services being delivered, and its financial viability. OHC is working with the Office of Risk and Regulatory Affairs to streamline its performance review and tie it more transparently to a risk rating. HUD will discuss this project with the agencies before the initiative is rolled out. OHC will beta test the program first to test its accuracy in identifying risk.

Ms. Gerecke then discussed OHC’s research efforts. HUD recently published the First-Time Homebuyers Demonstration, a randomized controlled experiment that looks into who participates in homebuyer education and counseling and why. Study results will inform the agency’s awareness campaign and allow the agency to examine its policies around online education versus individualized counseling.

Recent studies can be found on the Office of Housing Counseling webpage <https://www.hudexchange.info/programs/housing-counseling/research/>.

Other policy initiatives include counselor certification, disaster prevention and recovery, and financial sustainability. HUD, along with 21 other federal agencies, is participating in the Financial Literacy and Education Commission (FLEC), formed to examine programs providing financial education literacy. Ms. Carr added that FLEC recognized HUD for the success of its housing counseling program.

At a meeting last October, FLEC unveiled its reform principles and asked Ms. Gerecke and Dr. Marina Myhre from HUDs' Policy Development and Research to present the housing counseling program as a model for financial education. The military also presented their findings of the impact of educational programs on control groups. Mr. Thomas asked if that could be shared with the committee and Ms. Gerecke said she would forward the link to the study.

Committee members responded to the presentation with follow-up questions and comments (shown in bold) and responses as summarized below.

Regarding funding, committee member Paul Yorkis shared that Freddie Mac has supported realtor education programs and he would be happy to provide information about its efforts to the committee.

Ms. Gerecke added that HUD uses some of its appropriation to fund trainers who will train housing counselors. Counselors must undergo continuing education training as well as certification training. Training providers offer courses in-person and online nationwide to housing counselors as well as other industry practitioners.

**BREAK**

## **Committee Members Discussion of May 2018 Recommendations**

Ms. Gerecke invited committee members to comment on the May 2018 recommendations and share their thoughts on issues the committee should focus on or pursue further.

### **1. Fee-for-Service**

Committee member Pamela Marron suggested the committee explore and clarify the fee-for-service option to ensure compliance with RESPA provisions. Under this model, she explained, loan originators refer clients to housing counseling agencies. Clients pay upfront for the housing counseling services and loan originators give credit back to clients during mortgage closing.

Committee member Glen Holmes said banks want to work with housing counseling agencies but fear they may be violating RESPA provisions.

Ms. Gerecke emphasized she was not a RESPA expert. But HUD wants to ensure counselors are independent and working in the consumer's best interest. If a housing counselor is being paid by a lender, there is a financial incentive for the counseling agency to steer a client to that lender. Steering is considered to be a RESPA and HUD violation. But steering does not apply in the case of housing counseling, because the fees paid are to compensate for "bona fide" services, services of value.

Ms. Marron said that many financial lenders don't see the fine line distinction and hesitate recommending clients to housing counseling for fear of RESPA violations. Ms. Gerecke suggested the committee explore this issue more fully at a future time.

## **2. Timing of Funding**

Mr. Holmes indicated the timing of funding was his top priority.

## **3. Subcommittees**

Mr. Thomas liked having the committee create subcommittees, indicating Ms. Marron's informal fee-for-service subcommittee worked well.

## **4. Sustainability of Housing Counseling Agencies through Dedicated Fee**

Mr. Holmes indicated the \$50 fee to go into a fund sounded as though this was not going far, so maybe the committee not pursue this recommendation.

## **5. Increasing Awareness and Visibility of Housing Counseling**

Mr. Holmes and Ms. Lewis suggested the committee focus on ways to communicate what housing counseling is and deliver housing counseling in a technology-driven, streamlined fashion. Ms. Lewis suggested the committee also focus on promoting housing counseling for renters who may become homeowners when they are mortgage-ready and financially stable. Mr. Yorkis added targeting the lending industry, the broker, and salesperson were all goals of housing counseling. Mr. Sundquist also supported anything that can be done to increase awareness and true understanding of housing counseling.

## **6. Continuing Education**

Mr. Yorkis said the committee should educate realtors about housing counseling and encourage real estate practitioners to pursue certification. Ms. Marron added that mortgage lenders have to take Continuing Education (CE) classes for credit and suggested that housing counseling awareness be included as a module in real estate and loan origination courses. Mr. Thomas said that CE classes are absolutely essential because people can't be expected to understand the value of housing counseling if they have not been exposed to it.

## **7. Private Funders**

Mr. Sundquist said that strengthening the mechanism for housing counseling sustainability through a funding pool or other financial outlets is crucial. Several committee members suggested the group research private foundations which may be interested in working with HUD to expand housing counseling in areas where such services are not currently available.

## **8. Integrating Housing Counseling into Mortgage Process through Incentives**

Mr. Thomas said this should be common sense but the industry has yet to determine how to make this happen everywhere.

## **9. Standardized and Streamlined Approach to Housing Counseling**

Committee members in general agreed with standardization and streamlining.

## 10- 12. Reverse Mortgages Default Prevention

Mr. Thomas would like the committee to continue discussing HECM default prevention so people can stay in their homes.

Ms. Gerecke clarified that the agenda for future committee discussions should be developed independently by the committee. The role of OHC staff as it pertains to the committee is to provide feedback on what is realistic and actionable.

## Briefings on Initiatives of Office of Housing Counseling

### Counselor Certification

Mr. Jerrold Mayer, Director of Outreach and Capacity Building, described the housing counselor certification program, designed to improve and standardize professional standards for those who counsel consumers. Housing counseling can only be provided by organizations and counselors certified by the HUD Secretary.

To become a HUD-certified housing counselor, individuals must pass the HUD certification examination and work for HUD-approved housing counseling agencies. HUD's Community Planning and Development program HOME and Indian housing programs may also require housing counseling.

He said the certification exam was launched August 1, 2017, and by August 1, 2020, all HUD-approved housing agencies must have at least one HUD-certified housing counselor on board.

About 12,369 people—housing counselors, realtors and lenders—are registered on the website to review study materials and take practice exams.

The six major topics of testing include financial management, property maintenance, responsibilities of homeownership and tenancy, fair housing laws and requirements, housing affordability, and eviction and foreclosure avoidance.

Exams can be taken online (\$60) or at a proctoring center (\$100). Test are available in English and Spanish and may be taken multiple times.

Committee members responded to the presentation with follow-up questions and comments (shown in bold) and responses as summarized below.

**Do you receive a report of how many people are signed up to take the certification exam?** Mr. Mayer said he pulls down the figures when needed. He is concerned that housing counselors will wait until the last minute to take the exam and the system will crash under such heavy demand. Only 802 out of 12,469 registered have taken the exam. He asked committee members for advice on what HUD can do to get the word out about taking the exam sooner than later. Some intermediaries like Pennsylvania State Housing Finance Agency and Virginia Housing Development Authority are providing their network with incentives to pass the test.



**Is credit education included in the financial management module?** Mr. Mayer said credit education is included in that module. Ms. Marron asked OHC if committee members could review the module because credit is everything in the mortgage industry. Most clients have credit issues. Mr. Mayer urged all committee members to go online to [www.hudhousingcounselors.com](http://www.hudhousingcounselors.com) to sign up and review training modules.

**How are CDBG grants related to housing counseling?** Mr. Mayer explained that the city of Boston uses CDBG funds to pay agencies to provide housing counseling. After August 1, 2020, housing counseling would have to be provided by HUD-approved counseling agencies using HUD-certified counselors.

**Do any of the six topics cover home purchasing?** Mr. Mayer said home purchasing is touched upon under housing responsibilities, but the topic of reliance on licensed real estate professionals is a theme throughout the six topics. Mr. Yorkis said consumers need to be taught how to select a licensee and terminate ineffectual relationships.

### **Awareness and Visibility**

HUD's Senior Management Analyst Terry Carr said the agency's goals are to increase stakeholder awareness of housing counseling services, positively change the perceptions of housing counseling services, motivate behavior that lead to acquiring housing counseling and partner with stakeholders so they can disseminate information.

OHC's awareness and visibility project is well underway. Creative Marketing Resources conducted research to learn more about the public's awareness of housing counseling as well as perceptions and behaviors related to housing counseling. These findings were then used to create a clear message about the importance of housing counseling and develop marketing materials to promote these services.

She said 25 focus groups were conducted with realtors, lenders, consumers, housing counseling agency representatives and federal agency staff. The research also involved mystery shopping of 14 HUD-approved housing counseling agencies. Findings: People reacted negatively to the term "counselor," many were not aware that counseling services existed and different stakeholders had different value propositions. But research also showed that impartial advice is valued and that HUD is viewed as a Good Housekeeping Seal of Approval.

Ms. Carr explained the importance of having a visual identity for OHC and hoped that a standardized look and feel for all housing counseling agencies will lead to higher visibility and more awareness. The suite of brochures and videos developed can be used by housing counseling agencies, HUD field offices and other agencies to reach out to renters and homeowners. The brochures were written in English and Spanish but plans are underway for translation into other languages as well. OHC also started training housing counseling agencies to use social media and is working with the Office of Public Affairs to get out the message and identify bloggers interested in writing about housing counseling.

HUD would have to pass legislation to change the term "counseling," but OHC is exploring other strategies and encouraging housing counseling agencies to use a different name. The term "advisor" came up as a possibility but was nixed because of its association with the finance industry. Many favored the term "housing coach."

Ms. Carr added that HUD will be celebrating 50 years of housing counseling on June 26<sup>th</sup> with various panel presentations discussing an array of topics including the value of housing counseling and funding options to sustain the service. The office will also set up a booth at HUD's Innovative Housing Technology Fair, showcasing housing counseling services to consumers and other agencies.

Committee members responded to the presentation with follow-up questions and comments (shown in bold) and responses as summarized below.

**Perception that housing counseling is primarily for low income individuals.** Mr. Thomas said it was important to underscore the difficulty of transitioning to home ownership and to eliminate the impression that housing counseling is designed for low-income people only. Ms. Carr added that many aspiring homeowners underestimate the problems that can arise if they don't understand the responsibilities of owning a home. The committee said housing counseling agencies should explain these red flags to the public.

**Is there a requirement that at least one person in a Public Housing Authority be a HUD-certified counselor?** Ms. Gerecke said that housing authorities offer family self-sufficiency programs or homeownership programs. Starting August 1, 2020, they will have to use a HUD-certified agency and a HUD-certified counselor. This provides an opportunity for housing authorities to become HUD-approved or to partner with existing HUD-approved agencies.

**Can committee members see brochures?** Ms. Gerecke said committee members need to friend HUD on Facebook or ask her to send them brochures directly.

### **Disaster Assistance and Recovery Team (DART)**

Ms. Virginia Holman, DART Team Lead, explained that DART's Mission is to prepare housing counseling agencies for disasters through training and technical assistance. DART also monitors the response and recovery activities of agencies impacted by disasters. DART produces awareness and visibility materials informing the public about how housing counselors can help after a disaster.

Before an emergency, when disaster seems imminent, OHC and its training providers reach out to housing counseling agencies. After an emergency declaration by FEMA, OHC starts formal outreach to determine operating status, assess damage and evaluate needs. OHC also partners with housing counseling agencies at disaster sites to distribute information about housing counseling.

OHC supports four training grantees who offer classes. They include Neighborworks, UnidosUS, National Community Reinvestment Coalition, Inc. (NCRC) and Rural Community Assistance Corporation (RCAC). OHC disaster resources on HUD Exchange include a Housing Counseling Disaster Recovery Toolkit, a page containing disaster and emergency news and resources and disaster recovery flyers.

Committee members responded to the presentation with follow-up questions and comments (shown in bold) and responses as summarized below.

**Are disaster assistance and recovery services incorporated in the six major topics of testing?** Mr. Mayer said that HUD only recently began mitigating disasters so the topic is not covered in the

certification testing. But disaster assistance and recovery services will be incorporated into the modules in the future.

**Could housing counselors take courses in disaster mitigation and if so, could that count as continuing education?** Mr. Mayer said courses in disaster mitigation do count for continuing education credit. Ms. Marron added that DART's programs should also be included in the housing counseling awareness campaign.

**Ms. Gerecke said when disaster strikes, housing counseling agencies are called to service but many are not trained to provide the services.** Little funding is available for prevention and preparedness. But jurisdictions affected by disasters have increased their awareness of housing counseling as a solution. Puerto Rico allocated \$17 million to housing counseling and OHC trainers have traveled there to help people affected by disasters.

**Housing counseling awareness.** Mr. Yorkis suggested housing counseling agencies give realtors' associations pamphlets about housing counseling so they can distribute them to their own clients. Realtors have mechanisms to communicate rapidly with local communities during disasters. Ms. Holman said HUD encourages housing counseling agencies to partner with other community organizations like the Red Cross so when disaster strikes everyone is on the same page.

## Connecting Independent Mortgage Loan Originators (MLO) with Housing Counselors

Ms. Marron, Innovative Mortgage Services, said that loan originators need help from housing counseling to get clients mortgage-ready. Banks and lenders pay for housing services with Community Reinvestment Act (CRA) funds but independent mortgage loan originators don't have such funds available. How can independent mortgage loan originators fund housing counseling services?

Under Ms. Marron's model, clients pay for housing counseling services upfront. The independent mortgage loan originator will sign a Memorandum of Understanding (MOU) that promises a credit towards mortgage closing costs of housing counseling costs paid upfront. Loan-Level Pricing Adjustments (LLPA) are used by banks, lenders and wholesalers to provide credit for closing costs.

The model sets out a 6-step approach. Step 1: Client needs help with credit, down payment assistance or budgeting. Step 2: Mortgage Loan Originators (MLO) refers client to housing counseling agency. Client pays the agency pre-determined "fee-for-service" upfront. MLO signs MOU to credit client back "fee-for-service" towards mortgage closing costs. Step 3: Housing counselor assess client and determines timeframe to correct credit, assess for available DPA program and budget for home purchase. This information is then relayed to MLO and client. Step 4: Housing counselor refers "mortgage-ready" client back to MLO. Step 5: MLO refers client to realtor, makes the realtor aware of client's credit and DPA program is client is eligible. Step 6: MLO provides pre-determined "fee-for-service" credit towards client's mortgage closing cost.

Ms. Marron said clarification is necessary on why referrals must be made to three lenders when a loan originator refers a client for housing counseling.

She said an MOU has already been drafted and presented to Ms. Gerecke. The MOU spells out the responsibilities of the loan originators and the housing counselors. The missing piece is the intake process to accept and log in clients.

She explained that her project is the outcome of discussions that originated with this committee and wanted to thank past HCFAC colleagues for their contribution.

Committee members responded to the presentation with follow-up questions and comments (shown in bold) and responses as summarized below.

**Millennials' credit concerns.** Ms. Marron said millennials don't have bad credit, they just don't have any credit. Housing counseling can help them develop good credit habits.

**What is the time-frame for getting clients mortgage-ready?** Ms. Marron said when housing counselors assesses clients they can provide a time-frame for when they may be mortgage-ready. At that point, realtors can also be notified about when the client may be ready to start looking for homes.

**If clients who paid for housing counseling choose a different lender can they still get reimbursed?** Ms. Marron said clients can choose to work with any lenders but they will prefer to stick with the lender who agrees to give them credit for housing counseling. But competitive lenders who hear about housing counseling may also want to participate in the program.

**Making housing counseling available.** The key to remember, said Ms. Marron, is to make housing counseling accessible to loan originators whether they are paying with CRA funds or not. Giving lenders brochures about housing counseling also elevates awareness that there is help for their clients as well.

**HUD has standards around conflict of interest.** Ms. Gerecke said regulatory issues may be involved in the "fee-for-service" arrangement. She would raise these concerns with CFPB so the agency can run the model past their lawyers. She will report back to the committee on their response.

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

Afreen Alam, a committee member for three years, said that creating subcommittees to further explore specific aspects of housing counseling would be productive. The committee was not able to form a subcommittee thus far because of various challenges.

Ms. Alam thinks reaching out to consumers is especially important because many families are a paycheck away from a financial crisis. She also suggested the committee explore fair housing law

implementation. She commended the committee for reminding HUD that engaging other agencies, non-profits and partners in the housing counseling efforts is crucial to the success of the program.

Committee members responded to the presentation with follow-up questions and comments (shown in bold) and responses as summarized below.

**Can you talk about obstacles preventing the formation of subcommittee?** Ms. Alam indicated there were administrative challenges with getting the committee members to meet as a subcommittee during the year.

Ms. Marron said that it took a year for all parties related to housing counseling to understand how to proceed. Loan originators didn't know what housing counseling was all about and housing counseling agencies reported dreadful experiences they had with loan officers. Before the housing counseling program could go forward, all sides must be on the same page. The partnership with the National Foundation for Credit Counseling was critical in connecting loan originators and realtors.

Mr. Thomas felt the cross-pollination on the committee from the four different groups was very helpful. The overarching goal of the committee is to strive to put in place policies to ensure everyone who needs housing counseling is able to get it. And having an incentive, money in your pocket you can get back, helps people make a decision.

## **Discussion by New Members on Issues and Priorities for Future Consideration**

Mr. Thomas asked committee members what they wanted the committee to focus on in the future.

### **Native American Homeownership**

Ms. Lewis asked about the work that was being done regarding Native American homeownership.

Ms. Gerecke said her office was invited by the Center for Indian Country Development to participate in a program with the Federal Reserve Bank of Minnesota to increase financial literacy among the Indian population. They discussed the possibility of creating a HUD-approved counseling agency as a national intermediary specifically for native populations. OHC would like to expand housing counseling services for this population.

The Montana Home Ownership Center has made arrangements with individual tribes to qualify housing counselors under their umbrella. The tribe is not a HUD-approved housing counseling agency, but there is an exception in the regulations for serving uniquely isolated populations.

### **Increasing Awareness of Housing Services**

Ms. Lewis indicated in addition to educating people about housing opportunities, they need to be educated on who the relevant people are in the process. Mr. Holmes said the committee should continue its awareness campaign of housing counseling.

Mr. Yorkis urged that brochures and other materials be given to realtors and loan officers, and that contact be made with the National Association of Realtors. He especially liked the idea of forming a

National Housing Counseling Center to bring together all interested parties. Mr. Sundquist added that housing counseling services can also help people realize they are not ready for homeownership.

### **Sustainability through Fee-for-Service and Private Funding**

Mr. Holmes, Mr. Yorkis, and Mr. Sundquist also suggested the committee continue discussion of Ms. Marron's fee-for-service model and explore housing counseling agency sustainability. The goal is to rely less on government funding.

### **Continuing Education/Certification**

Mr. Yorkis also stressed the need for continuing education for loan originators and real estate agents. He also thought having a National Housing Counseling Summit to bring all parties together had the potential to be very valuable.

### **Increase Oversight of Independent Mortgage Bankers**

Patricia Arvielo, Mortgage Representative, said that Hispanic consumers are being taken advantage of by Hispanic loan originators. The problem is that there is no oversight at all on the independent mortgage brokers. She has gathered data to document disparities and is working on a report about what is going on in these communities.

Ms. Gerecke said she hoped the committee would consider a presentation on this topic.

### **Next Steps**

Ms. Gerecke asked committee members if they wanted to vote on any topics since she was not sure when the committee would meet next. She hoped they could schedule a meeting for August or September, but starting June 1 the committee would not have a quorum until the Secretary appoints new members.

Committee members discussed which issues needed immediate action. A motion was made to send Mr. Yorkis to a training workshop and request he brief the committee upon his return. The motion was seconded and passed.

The committee then discussed the creation of a subcommittee to further explore the fee-for-service model presented by Ms. Marron. Mr. Yorkis repeated a point he made earlier about the importance of including in the discussion real estate agents making referrals to housing counselors.

They agreed that one person from each quadrant should be in the subcommittee. Mr. Sundquist, Mr. Yorkis and Mr. Holmes agreed to serve on it. Ms. Gerecke suggested the committee ask Keith Cunningham if he wants to serve in the subcommittee or wait to see whom the HUD the Secretary appoints as a consumer representative.

Ms. Gerecke explained the process for forming a subcommittee. A resolution was introduced to recommend to the Secretary that a subcommittee be created to further explore the fee-for-service model. The resolution was passed.

A committee member asked if there was a requirement that housing counselors take continuing education courses. Ms. Gerecke said she wasn't sure if there were specific standards for how many hours of training housing counselors needed to have, but they are required to be "knowledgeable." HUD checks their files to see what classes they've taken over the previous two to three years.

The committee discussed whether they should address continuing education requirements at the next meeting, or whether they should form a subcommittee to take on this topic. They agreed that a presentation should be made on the need for continuing education at the next meeting.

Ms. Gerecke said she will solicit the committee's views on what should be included in the agenda for the next meeting through an administrative call. The topics committee members said they wanted to pursue over the next few years will be recorded in the minutes of the meeting.

## **Public Comments**

Silvina Sansot with the Colorado Housing and Finance Authority (CHFA) said that CHFA requires homebuyer education for all borrowers who use their program. HUD-certified counselors provide the education, but many are no longer certified. CHFA looks forward to the committee's contribution in setting standards for continued education after counselors become HUD-certified.

Ibijoke Akinbowale from the National Community Reinvestment Coalition (NCRC) said she appreciated the conversation regarding RESPA since NCRC is struggling with the same issue. She also wanted to know what will happen to agencies that miss the August 1, 2020 deadline for certifying their housing counselors. Funding delays have forced organizations to redo their budgets and many are scrambling to come up with funds to cover costs of the certification exams. She also asked OHC how many intermediaries were involved in the performance review process.

Karen Gary, from Park Heights Renaissance, applauds OHC for its work with helping consumers become mortgage-ready, and educating renters so they can become homeowners in years to come. She encouraged the agency to involve real estate agents in the program.

## **Recognition of Founding Members Whose Terms Have Expired**

Ms. Gerecke announced that she wanted to recognize the contribution of four committee members whose terms have expired. In addition to Ms. Alam, Ms. Marron, and Mr. Thomas, who all spoke earlier, Ms. Gerecke shared that Judy Hunter, a retiring member who represented the housing counseling sector, was unfortunately unable to attend the meeting. Her insight about the rural housing counseling environment added great depth to the committee's understanding of that sector. Ms. Gerecke also commented that Mr. Thomas's extraordinary service also showed dedication and commitment to the mission of the committee.

Ms. Gerecke read the statement of appreciation from the certificate she was about to give to each retiring member, thanking them for their input in achieving the committee's objectives of providing

advice to the Office of Housing Counseling. She then handed certificates to Ms. Marron and Mr. Thomas and posed for photographs.

## Adjournment

The meeting was adjourned at 3:30 PM EST.

### Summary of Action and Follow-Up Items

Follow-Up Items	Page No.
1. Ms. Gerecke will forward link to committee of military study on impact of educational programs.	5
2. Mr. Yorkis will share information about Freddie Mac's realtor education programs.	5
3. Ms. Gerecke indicated a research publication on different funding models for housing counseling may be available before the next committee meeting.	7
4. Patricia Arvielo will share a report on the disparities in mortgage rates in Hispanic communities	13
5. Resolution passed to recommend to Secretary the establishment of Fee-for-Service Subcommittee	14
6. Presentation on need for Continuing Education at next meeting.	14

### List of All Attendees (Cont'd)

#### Contractor Staff, PAVR Software Solutions, LLC

1. Ravi Nara, Managing Principal
2. Zach Urban, Staff
3. Marcela Kogan, Staff
4. Rabab Butti, Staff

#### In Person Public Attendees

1. Ibijoke Akinbowale, National Community Reinvestment Coalition
2. Cliff Beckford, Lydia's House



3. Baylee Childress, NeighborWorks America
4. Karen Gary, Park Heights Renaissance
5. David Michaels, Amazon Web Services
6. Alison Moore, CGI Federal
7. Jacqueline Moore, Creative Marketing Resources

**Registered Public Attendees (via teleconference)**

1. Angela Anderson, American Financial Solutions
2. Mary Ann Cuellar, SouthFair Community Development Corp.
3. Nikki Beasley, RNHS
4. Jackie Boies, Money Management Int.
5. Jamilla Byrd, Georgia Dept of Community Affairs
6. Russell Chatron, THDA
7. Lynne Choate, Kennebec Valley Community Action Program
8. Cassandra Cotton, Housing Training for Company
9. Kathleen Eagan, Nevada Rural Housing Authority
10. Kevin Ferguson, Money Management International
11. Brenda Giancaspro, Human Development Services of Westchester
12. Tricia Gleaton, SDCLI
13. Katy Hackett, Family Management Financial Solutions, Inc.
14. Roy Haigler, Southeastern Housing & Community Development
15. Cassie Hicks, Hicks Contracting Services
16. Dana Hodge, Mon Valley Initiative
17. Teresa Hunter, Family Housing Advisory Services
18. Tanya Jackson, Northside Community Development Corp.
19. Jayna Johnson, THDA
20. Jill Joyce, Neighborworks Southern MA
21. Nigelle Kohn, Family Foundations of Northeast Florida
22. Lynn Lippitt, New Hampshire Housing
23. Brenda Long, Michigan State University Extension
24. Deborah Lorenc, Springfield Housing Authority
25. Kendra Love, THDA
26. Corey Manns, Great Lakes Community Action
27. Paul McLaughlin, NeighborWorks Southern New Hampshire
28. Cormac Molloy, NeighborWorks America
29. Susan Moyer, Schuykill Community Action
30. Theresa Nichols, The Fairmont Morgantown Housing Authority Home Ownership Center
31. Nora Penaflor, NAAC
32. Terri Redmond, PHFA
33. L'eon Romanazzi, Self-Help Enterprises
34. Sonja Roseman, Kalamazoo Neighborhood Housing

35. Evelyn Sanchez, Connecticut Housing Finance Authority
36. Lucy Sanchez Cruz, Catholic Charities DOV Inc.
37. Silvina Sansot, Colorado Housing and Finance Authority
38. Barton Shapiro, Housing
39. Mary Stewart, South Dakota Housing Development Authority
40. Alethea Thomas, Central Florida Community Development Corp
41. Lajuan Thomas, Sercap
42. Colin Thompson, Minnesota Homeownership Center
43. Lou Tisler, National NeighborWorks Association
44. Jason Zavala, Mitigate

*I hereby certify that, to the best of my knowledge, the foregoing minutes are accurate and complete.*

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*Signature*

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*Date*

**E.J. Thomas, HCFAC Chair**