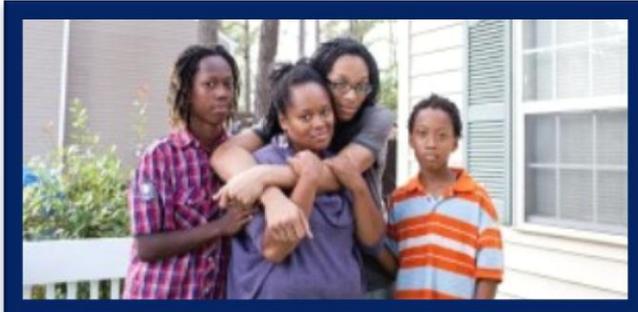




Housing Counseling Rocks for African Americans!

How Has Housing Counseling Positively Impacted the African American Community?

By Kim Wimbish, NID-HCA Ft. Worth, TX, Branch Office Manager



To understand the importance and positive impact that housing counseling has in the African American community, one needs to appreciate that homeownership rates among African Americans are less than 50 percent and lag significantly behind homeownership rates for all other races of people. In fact, according to U.S. Census data, in the first quarter of 2013, the African American homeownership rate was down to 43.1 percent.

Because of the low homeownership rates and other contributing factors, many African American first-time homebuyers have not been exposed to the responsibilities of homeownership. In addition, many African American first-time homebuyers may lack intergenerational experience with homeownership or the capital necessary for a down payment.

Educating, Training and Exposing Clients

Housing counseling has been an effective tool to educate, train and expose potential borrowers to the skills necessary for responsible homeownership. NID-Housing Counseling Agency (NID-HCA) has developed financial literacy models (i.e., budgeting, money-management and credit) to assist interested homebuyers in learning how to become homeowners. In fact, NID-HCA also has targeted the younger population through financial literacy programs in schools to develop banking, budgeting, credit and money-management skills at an early age.

Bringing Awareness to Homebuying Components

Housing counseling has been successful in creating awareness of the three components of buying a home: Credit, Capital and Income and the impact they have on obtaining affordable, sustainable homeownership. Clients learn about:

- Their credit score, which is based on consumer lending criteria. Housing counseling teaches the impact that the credit score has on interest rates that will be offered to a buyer.
- Capital and the role that savings and down payment have on the types of loans available as well as the impact of a down payment on the house note or mortgage payment.
- Income (i.e., job stability), which is the financial ability of one to make the house payment over the loan term.

(continued on page 3)

FROM THE DEPUTY ASSISTANT SECRETARY



Sarah Gerecke
*Deputy Assistant
Secretary
Office of Housing*

Greetings,

This February has been buzzing with activity inside and outside of the office. I joined many of you in following the Sochi 2014 Winter Olympics, while being cautious as I travelled amidst the polar vortex that wreaked havoc throughout states across the country. In the office, we are diligently working on the NOFA release, developing new policies, conducting agency reviews, and planning the next series of virtual stakeholder meetings.

In this edition of 'The Bridge,' we observe Black History Month by highlighting the work of housing counseling agencies that serve African American communities. Although blatant acts of housing discrimination faced by minority homebuyers have declined, more subtle forms of housing denial stubbornly persist, according to a study released by HUD and the Urban Institute. The study entitled, [**Housing Discrimination Against Racial and Ethnic Minorities 2012**](#) finds African Americans, Hispanics and Asians learn about fewer housing options than equally qualified whites.

This is why the work of our HUD-approved housing counseling agencies is vitally important to affecting change in the communities they serve. By providing education, training, and awareness, they help their clients to become homeowners and stay homeowners.

Despite the effects of the economic downturn, the efforts of these housing counseling agencies have resulted in lasting and positive impacts in minority and underserved communities. These impacts are demonstrated in the Success Stories of first-time homeowners, Ms. Fisher and Ms. Webb. HUD looks forward to helping more families as we roll out policies that will expand their access to housing counseling agencies.

As we reflect on the progress made in housing across America, the Office of Housing Counseling remains steadfast to its mission of working with our HUD-approved housing counseling agencies to help all families obtain, sustain and retain their homes.

~Sarah

HOUSING COUNSELING ROCKS, CONT.

(continued from page1 – Housing Counseling Positive Impacts)

Housing counseling exposes the potential homebuyer to the process of homeownership. It teaches the client about the interconnecting roles and responsibilities of market participants such as buyer-seller, real estate professional or sales agent, mortgage lender, inspector, appraiser, surveyor, title company or escrow agent and their impact upon the homebuying process.

Housing counseling educates potential homebuyers about different types of mortgage financing (i.e., Federal Housing Administration/Veterans Administration, Conventional and US Department of Agriculture), prime and sub-prime, fixed and variable rate mortgages, and how to shop for and request affordable, sustainable mortgage financing based on their individual needs.

Alleviating Fear of Reverse Mortgages

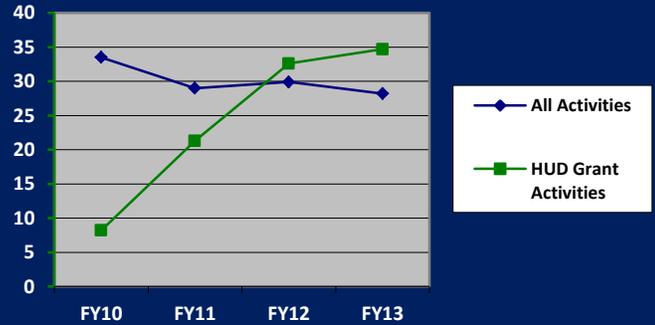
Housing counseling also has been beneficial to the population of aging African American homeowners, who are historically and economically conservative. Because of the initial difficulty in obtaining mortgage financing to purchase a home and the desire to leave an inheritance to their children, there has been reluctance by seniors to utilize a reverse mortgage product, like HECM, to allow them to access the equity in their homes. Through housing counseling, the fear of losing one's home through the reverse mortgage and not leaving an inheritance has been alleviated. Counseling also has been instrumental in educating the aging African American community about money-management options, regulated mortgage fees and charges, and how to identify and avoid fraudulent and abusive practices.

Building Strong and Vibrant Communities

NID-HCA is a diverse network of advocacy groups and individuals, organizations, housing counselors, real estate professionals, community groups, civic organizations and faith-based organizations committed to ensuring fair housing opportunities for all in urban/minority communities throughout the country.

As a HUD-approved Intermediary, NID-HCA recognizes the importance, effectiveness and positive impact of housing counseling. NID-HCA continues its efforts to educate, train and expose first-time homebuyers and aging African Americans to affordable, sustainable homeownership, and its role in building strong and vibrant communities throughout America. Visit [NID-HCA](#) to learn more about its housing counseling programs and resources.

Counseling Activities for African Americans Attributed to HUD Grant Funding Increase During Fiscal Years 2010 - 2013



Fiscal Year	All Counseling Activities	Activities Attributed to HUD Grant Funding
FY13	28.2%	34.7%
FY12	29.9%	32.6%
FY11	29.0%	21.3%
FY10	33.5%	8.2%



INQUIRING MINDS WANT TO KNOW

Q: We often have questions on Office of Housing Counseling Approval and Funding, Conflict of Interest issues, Training, the 9902 Report and other general issues. Where can we find the answers?

A: You can find answers online in the “Frequently Asked Questions” (FAQs) section:

1. Go to the main page of the [Office of Housing Counseling’s website](#) and locate **Housing Counseling Resources** in the right margin.
2. Click on [Counseling for Professionals](#)
3. Scroll down the page to locate **Information for Housing Counselors**.
4. Click on [Counseling Resources](#)
5. There you will find an incredible amount of information on:
 - a. [Frequently Asked Questions \(FAQs\)](#)
 - b. [Grant Information for Housing Counselors](#)
 - c. [Mortgagee Letters](#)
 - d. [Hope Loan Portal](#)
 - e. [HECM Counseling Resources](#)

Q: The Housing Counseling System is really confusing to us. Where can we locate general information and get help?

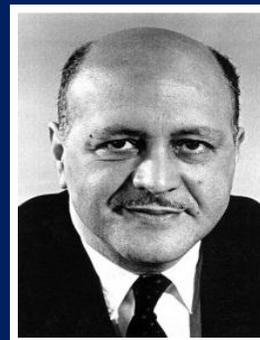
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2. Click on [Counseling for Professionals](#)
3. Scroll down the page to locate **Information for Housing Counselors**.
4. Click on [Systems and Reporting](#)
5. Next click on [Housing Counseling System \(HCS\)](#)
6. There you will find information on:
 - a. [Technical Assistance](#): To report technical issues or system errors, please contact HUD Help Desk and open a service ticket.
 - b. [HCS Instructions Quick Reference Guide](#)
Opens to a PDF version
 - c. [Client Management System \(CMS\)](#)
Provides Requirement Guidance
 - d. [How to Subscribe to OHC Listserv](#)

HUD HISTORICAL FACT

Robert Weaver was the first Secretary of HUD and sworn in as the first African American to hold a cabinet-level position.

By Shantae Goodloe, HUD Office of Public Affairs



Born into a middle-class family in 1907, Robert Weaver grew up in Washington, D.C. and was the grandson of Robert Tanner Freeman, the first African American, Harvard-educated dentist. Weaver followed his grandfather's footsteps and enrolled at Harvard where he earned three degrees including a doctorate in economics.

In 1960, after serving as the New York State Rent Commissioner, Weaver became the national chairman of the National Association for the Advancement of Colored People (NAACP), and President John F. Kennedy sought his advice on civil rights. The following year, the President appointed Weaver administrator of the Housing and Home Finance Agency, a combination of agencies that included the components of what would eventually become HUD.

In fact, Weaver set the tone for HUD's work today and is known for a series of firsts: working toward passage of the 1961 low-income rental housing program, the first piece of legislation passed by President Kennedy's administration; championing the 1968 Fair Housing laws to end discrimination; and, connecting housing to jobs in what we now call sustainable communities.

As a result, HUD continues to ensure that people live in inclusive and sustainable communities free from discrimination. The Fair Housing Act, the law that makes it illegal to discriminate in the sale or rental of housing based on race/color, national origin, religion, sex, familial status and disability was signed on April 11, 1968, days after Dr. King's assassination. And it was only the beginning of our work.

(continued on page 8)

OUT AND ABOUT AROUND THE NATION

Understanding and Delivering Housing Counseling in African American Communities

By Njemile Davis, National Urban League



At its core, housing counseling is a case management model designed to ensure that all Americans have unfettered access to one of our most basic human rights: safe, decent, affordable housing on fair terms. At its best, housing counseling also helps contextualize the financial relationships, resources, tools, and decision-making that boosts or blocks a person's asset building potential; prevent delinquency and default, or accelerate financial goals.

Housing Counseling is Critical for Communities of Color

In 2013, the [National Urban League](#) and 32 of its affiliates offered comprehensive housing counseling services to more than 24,000 clients nationwide, nearly 65 percent of whom were African American. In today's economic climate, housing counseling is especially critical for communities of color, who face record-breaking foreclosure rates and an increasingly competitive housing market. Among the factors contributing to this landscape are the following:

- Between 2007 and 2010, African Americans were three times more likely than Whites to be steered into subprime loan products, even when they qualified for more traditional, lower cost products. As a result, they were 70 percent more likely to go into foreclosure than Whites.ⁱ
- Home equity is more significant to the wealth of black families than it is to white families. Home equity accounts for 62 percent of net wealth for the median black owner, but only about 38 percent for the median white owner.ⁱⁱ
- Black families hold more debt relative to their net assets than white families. White families on average have a debt burden equal to just 17 percent of their net worth, while black families owe 53 percent.ⁱⁱⁱ

Freddie Mac found that certain types of pre-purchase homeownership education and counseling -- specifically, classroom education and individual counseling, but not telephone education -- significantly reduced mortgage default rates^{iv}.

One of the Most Significant Forms of Wealth Building

Central to the Urban League's theory of change as it relates to housing counseling, is an acknowledgment that homeownership endures as one of the most significant forms of wealth building for low- and moderate-income families, especially families of color.

This is of increasing importance, because the wealth gap between Black and White America is substantial and growing^v. Thus, actively considering and addressing the under and unemployment which have emerged as formidable obstacles to homeownership is critical in these communities. Moreover, tighter access to credit in recent years means that families need intensive credit counseling before being able to qualify for an attractively-priced mortgage product.

Post-Purchase Counseling is Key to Sustainability

And in terms of sustainable homeownership -- which many believe to be the overarching objective of all housing counseling efforts -- continued homeownership education after a home purchase can prepare homeowners to better meet their ongoing home maintenance needs, reduce utility bills through weatherization and increased energy efficiencies, budget for repairs, and avoid predatory refinancing schemes that can put continued homeownership in jeopardy.

(continued on page 6)

ⁱ[Lost Ground, 2011: Disparities in Mortgage Lending and Foreclosures, Center for Responsible Lending, University of North Carolina Chapel Hill](#), pg.5

ⁱⁱ[State of the Nation's Housing 2013 – Demographic Drivers](#), Joint Center for Housing Studies, pg. 2

ⁱⁱⁱ[State of the Nation's Housing 2013 – Demographic Drivers](#), Joint Center for Housing Studies, pg. 1

^{iv}[A Little Knowledge is a Good Thing: Empirical Evidence of the Effectiveness of Pre-Purchase Homeownership Counseling, Freddie Mac](#), pg. 12

^v[Wealth Gaps Rise to Record Highs Between Whites, Blacks and Hispanics, Pew Research Center](#), 2011, pg. 1

SUCCESS STORY

Hope VI Brings Homeownership to Long Time Pleasantville Resident

By Russell Graves, Consumer Credit & Budget Counseling and Lynda Cohen, Press of Atlantic City



Pleasantville, NJ - Mattie Fisher is one of those counseling clients, who is driven towards her goal and wants to make everything better not only for herself, but for others. She had some lingering credit issues due to medical bills that were not easy to clean up, but she inspired her housing counselor to really want to make this work.

Ms. Fisher was a long time resident of Woodland Terrace which, before it was torn down to make room for a new HOPE VI project of single family homes, was known as a "drug alley." Ms. Fisher did not want to raise her grandchild in that environment, so she was an early proponent of the project and would come to all of the town meetings to support it. When the waiting list formed to buy the homes, she was first on the list.

Housing counseling was required for the residents who wanted to purchase homes. Ms. Fisher, 70, had never owned a home, but participated in each and every class. Her lingering credit issues took a number of one-on-one sessions to resolve and her housing counselor burned up the phone lines tracking down the old debts, while Ms. Fisher pushed just as hard.

Ms. Fisher had been a resident of Woodland Terrace for more than 30 years, and was ecstatic to learn she had been approved for an affordable mortgage to buy one of the homes that had replaced the troubled complex. After moving into her new home, Ms. Fisher said, "I just feel so special." I raised five kids, and when they were growing up, I always wanted a home, but I never could achieve that. Now I have."

(continued from page 5- Understanding and Delivering Housing Counseling)

Expanding Availability of Housing Counseling

Considering that new home purchase guidelines and regulations will be finalized and activated in 2014 as part of Dodd-Frank implementation, the Urban League believes that homeownership education and counseling is needed more than ever.

Expanding its availability will be especially critical in urban communities experiencing large numbers of mortgage defaults and foreclosures, since housing counselors in these areas are apt to have been diverted to focus on foreclosure prevention. Urban League affiliates operating in communities with more stable housing markets are also targeting expansion of homeownership education and counseling to prepare a new cadre as well as existing homeowners for success.

Helping families access opportunities, build the knowledge and skills to make informed decisions about their housing options, and achieving housing stability is what housing counseling is all about. The Urban League's multi-service model allows clients to avail themselves of partner programs and related services such as job training and placement, career preparation, credit repair, financial coaching and critical wrap-around services that ensure their options are both accessible and sustainable.



SUCCESS STORY

Turning Dreams Into Reality in the Fifth Ward

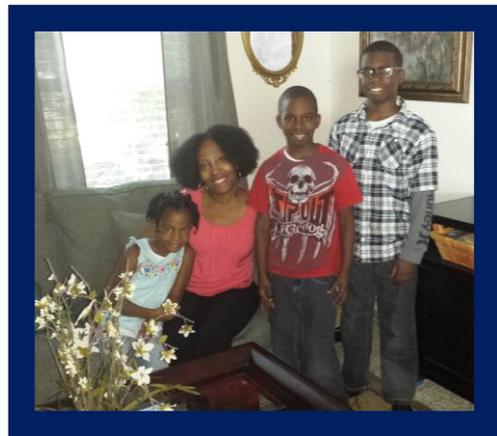
By Kathy Payton, Fifth Ward Community Redevelopment Corporation

Houston, TX - For African Americans in Houston's Fifth Ward, homeownership opportunities are hard to come by. The Fifth Ward is a historically African American community with a rapidly shifting demographic. The residents are 63 percent renters and only 37 percent homeowners. African Americans represent 54 percent of the residents.

Kathy Payton, President/CEO of the Fifth Ward Community Redevelopment Corporation (FWCRC), and native of the Fifth Ward, was drawn to the organization for the purpose of providing housing opportunities and services to those in the community. Many Fifth Ward residents, speak of the dream of homeownership, but the limited housing stock and access to capital often make the dream one that is rarely recognized. "We are about creating opportunity and building assets for our residents," says Payton.

Like several other urban communities, the Fifth Ward experienced multiple decades of disinvestment, middle class flight, and property abandonment. The economic consequences of this period have made it difficult to lure homeowners to the community. Fears and uncertainties among outsiders and compromised financial capacity of community members (e.g., the median income of the Greater Fifth Ward is less than 50 percent of that of metro Houston; the poverty rate is near 50 percent; and over half of all adults are not in the labor force) work in tandem to produce an environment less amenable to homeownership than the community's physical landscape suggests.

[Fifth Ward Community Redevelopment Corporation](#) set out to change these dynamics upon its inception in 1989 and now, 25 years later, the prospect of homeownership stands not only more possible, but also more appealing, than ever before. Offering a wide-range of services and specializing in homebuyer education and counseling, home construction, and renovations, FWCRC has – in the past year alone - counseled over 150 clients in homebuyer education classes, obtained foreclosure prevention resolutions for 19 homeowners, helped over 60 individuals with home repair assistance, and oversaw 38 individuals make their dream of homeownership a reality.



Erica Webb, a 33-year-old mother of three who works full-time at a local high school, is one such individual. A lifelong Fifth Ward resident whose income and inexperience in the housing market left her admittedly apprehensive about buying a home, Webb credits her experience in homebuyer education counseling with instilling the knowledge and confidence needed to proceed:

My instructor broke down what the timeline consists of. She talked about credit strategies, having assets in the bank for a long period of time, finding homes that are within your budget and leaves you with enough disposable income, and understanding the fine print – all of this was covered. As a single mother, I felt confident that I was making the right decision and homeownership was in reach, but more importantly, I had tools to sustain a better life for my kids.

FWCRC clients are overwhelmingly complimentary of the organization's understanding of client needs, the relevance and applicability of presented materials and conveyed information, and the responsiveness of counselors. Delivering on client needs, according to FWCRC President/CEO Kathy Payton, is not so much about earning favorable performance reviews from funders or affiliate organizations as it is about opening the doors to an often-misrepresented community with much to offer.

"Our aim is to make the Fifth Ward a community of choice," Payton declares. "Choice means that people decide to be here; they are not stuck here because they feel they have nowhere else to be or they just happened to end up here. This is a community where people want to be – whether to live, work, or just spend time. We think that aim is well within reach and already being realized."

INQUIRING MINDS WANT TO KNOW, CONT.

Q: Where can I Get Information on Housing Counseling Training?

A: To locate training information, visit the [Office of Housing Counseling's Training Resources page](#). There you will find links to various training opportunities including webinars and events. Our [listserv](#) also provides information on upcoming training including:

MARCH

- [HUD NCRC Housing Counseling Training Academy](#):
March 12-15, Washington, DC

MAY

- [NeighborWorks® Training Institutes](#):
May 19 – 23, Louisville, KY
- [NHNLA Training](#): May 12 - 14, 2014, Newark, NJ,
- [HUD Early Delinquency Servicing and Loss Mitigation Program Training](#): May 13-14, 2014, Oklahoma City, OK

JUNE

[NCRC Training Webinars](#):

- Government-Sponsored Enterprise Reform : June 23, 2014
- Access to Capital and Credit for Small Businesses in Appalachia: June 24, 2014
- The Vantage Credit Score: Demystifying Consumer Credit Scoring Process: June 25, 2014
- Mortgage Lending Fundamentals for Homeownership: June 26, 2014
- FHA Insured Financing 101: June 26, 2014
- AFFH Proposed Rule: June 27, 2014.

(continued from page 4 – HUD Secretary Robert Weaver)

Today, HUD's Office of Fair Housing and its Fair Housing Assistance Program (FHAP) partner agencies receive over 9,000 complaints alleging some form of housing discrimination. HUD continues to investigate individual acts of housing discrimination, and to obtain appropriate relief for its victims. The Department has also increased its efforts to create strong, sustainable communities by connecting housing to jobs, fostering economic development, and helping to build a clean energy economy.

HUD recognizes that the work it does today has an incredible impact on the future of our nation and applauds Secretary Weaver for laying the foundation.

Visit [The HUDdle](#), [HUD's Official Blog](#) for more interesting housing topics.

Q: How Can Housing Counseling Agencies Participate in Virtual Stakeholders Meetings?

By Virginia Holman, HUD's Office of Housing Counseling

A: The Office of Housing Counseling, as part of its efforts to communicate with the housing counseling industry, is holding monthly virtual Stakeholders Meetings. These meetings allow OHC to:

- Evaluate stakeholder input on program policy and procedures,
- Share best practices and challenges,
- Gather valuable insights to help consumers achieve housing goals, and
- Provide advice to leadership of the department as it relates to housing legislation, regulation, policy development, budget, training, program evaluation and oversight.

In the coming months, OHC is scheduling virtual Stakeholders Meetings on the following topics:

- the Role of Coalitions,
- Responses to Disasters by Housing Counseling Agencies, and
- A Look at HECM Protocols.

Housing counselors can participate by registering through the links provided in invitations. Some topics will be open to all housing counselors through [OHC listserv](#) messages. Please register as soon as possible because registration is limited. Other topics may be targeted to specific groups and will be by invitation only. For example, in January 2014, OHC held two stakeholders meetings specifically for intermediaries and state housing finance agencies. The February 2014 meeting on Marketing was open to all groups.

Meeting presentations are posted on the [OHC Webinar Archive](#) page. Here are links to review the most recent presentations:

- [February 07, 2014 - Housing Counseling Marketing and Outreach: Filling the Gaps](#)
- [January 30, 2014 - A first look at the NEW Form HUD-9902 Housing Counseling Agency Activity Report](#)
- [January 23, 2014 - The Role of SFHAs in the Housing Counseling Program](#)
- [January 21, 2014 - The Role of Intermediaries in the Housing Counseling Program](#)

ON THE HORIZON

Notice to HUD Approved Housing Counseling Agencies: Prepare to Submit Your NOFA Application to Grants.gov

In anticipation of publication of a Notice of Funding Availability (NOFA) for Housing Counseling Program, potential Housing Counseling NOFA applicants should immediately take steps to ensure that they are properly registered to submit an application electronically through [grants.gov](https://www.grants.gov).

In order to apply for a grant, you and/or your organization must complete the [grants.gov](https://www.grants.gov) registration process. The registration process can take between three to five business days or as long as four weeks if all steps are not completed in a timely manner. So please register early!

NOTE: Applicants will not be eligible to apply for grant funds if not properly registered.

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