



Housing Counseling Rocks for Preserving the Dream of Homeownership!



Washington, DC – Started as ‘National Homeownership Day’ under President Bill Clinton on June 5, 1995, within two years the week of June 5th became ‘National Homeownership Week.’ By 2002 under President George W. Bush, the week evolved into ‘National Homeownership Month,’ a time to raise awareness about homeownership and to celebrate families, communities, and the economic prosperity homeownership often brings.

HUD’s theme this year is ‘Preserving the Dream,’ which reinforces the Obama Administration’s work to build a more durable and fair housing finance system that promotes the American Dream of homeownership while preventing the unsustainable forms of home purchase that fueled the recent housing crisis.

HUD Secretary Shaun Donovan said, “Homeownership Month is a time to reaffirm the important role that ‘home’ plays for our families and the neighborhoods where they live. Owning a home has historically been the principal vehicle for Americans to build equity, start businesses, put kids through college, and retire with comfort and dignity. After all we’ve been through, we must stand by an institution that has helped build our nation’s middle class.”

HUD is also taking concrete steps to preserve homeownership by increasing access to mortgage credit. This spring, the Federal Housing Administration (FHA) issued its [“Blueprint for Access.”](#) outlining the additional steps the agency is taking to expand access to credit for underserved borrowers. These steps include enhancing FHA’s quality assurance processes and encouraging a broader use of housing counseling through the *Homeowners Armed with Knowledge (HAWK)* program.

By clarifying quality assurance policies, FHA seeks to encourage lenders to make loans to a broader range of qualified, underserved borrowers. Under the HAWK for new homebuyers pilot program, homebuyers who commit to housing counseling will qualify for tangible savings on their FHA-insured loans. For example, a buyer with a loan of \$180,000 might save approximately \$325 a year – or nearly \$10,000 over the life of their loan.

By completing HUD-approved housing counseling provided through independent nonprofit organizations, homebuyers will be given the tools they need to understand the rights and responsibilities of homeownership.

Visit [HAWK's informational page](#) for more details on the program and help to preserve the dream.



FROM THE DEPUTY ASSISTANT SECRETARY



Sarah Gerecke
*Deputy Assistant
Secretary
Office of Housing*

Greetings,

June is National Homeownership Month and the Office of Housing Counseling is diligently working toward 'Preserving the Dream.' Housing counselors know best that homeownership is not the best choice for everyone and they help families assess the benefits and responsibilities of buying versus renting. So for me, National Homeownership Month will always be about helping consumers make an informed choice to purchase a good home at an affordable price with a mortgage they understand.

I am pleased to report that last month, [HUD awarded more than \\$40 million in grants](#) to hundreds of our HUD-approved housing counseling agencies to help families and individuals with their housing needs and to prevent future foreclosures. These housing counseling grants and the additional funding they help to leverage will assist more than 1.5 million households find housing, make more informed housing choices, or keep their current homes, thereby preserving the dream.

More than \$38 million will directly support the housing counseling services provided by 29 national and regional organizations, seven multi-state organizations, 22 State Housing Finance Agencies and 232 local housing counseling agencies. In addition, HUD is awarding \$2 million to the following three national organizations to train housing counselors who will receive the instruction and certification necessary to effectively assist families with their housing needs:

- National Community Reinvestment Coalition
- National Council of LaRaza
- NeighborWorks America

I would like to thank and acknowledge the Office of Housing Counseling staff members that did an outstanding job in completing the 2014 grant funding process.

During National Homeownership Month, let's reflect on the great work taking place by housing counseling agencies and stakeholders in communities across the country. Those of us in this industry know that housing counseling works and significantly improves the likelihood homeowners will remain in their homes.

This edition of 'The Bridge' features information that demonstrate the benefits of housing counseling supported by statistical research, success stories, new program information, and innovative ways to reach clients.

Working together, we will continue to advance our mission to create strong, sustainable, inclusive communities and quality affordable homes for all.

Sarah

HOUSING COUNSELING WORKS!

Washington, DC - Housing counseling is making a difference in the lives of consumers and borrowers by providing valuable guidance and assistance to obtain affordable housing and make informed housing choices. Housing counseling also goes beyond buying and saving a home.

The Office of Housing Counseling works with our strong, network of independent nonprofit housing counseling agencies located in communities across the country. These HUD-approved agencies provide guidance on a wide range of housing related issues involving:

- First Time Homebuyers
- Foreclosure Prevention
- Reverse Mortgages
- Homelessness Prevention
- Rental Housing
- Fair Housing
- Post Purchase Counseling
- Credit/Debt Management

It's Confirmed!

Research confirms there is growing and overwhelming evidence that housing counseling works. For example, recent studies suggest that:

- ***Pre purchase financial counseling may reduce, by an average of 29 percent, the likelihood of a first time homebuyer becoming seriously delinquent.***
~2013 Freddie Mac report
- ***Borrowers receiving pre purchase counseling and education are one third less likely to become 90 days delinquent over the two years after receiving their loan.***
~2013 Mayer & Associates report
- ***The monthly payment of households that received counseling was on average \$267 less than those who did not participate in counseling. Counseling also made it 45 percent more likely that the homeowner would sustain those payments after modification.***
~2011 Urban Institute and National Foreclosure Mitigation Counseling report

Impact of Pre-Purchase Counseling

An analysis of pre purchase counseling by Freddie Mac indicates that pre purchase counseling has a significantly larger impact on 90-day delinquency rates among first-time homebuyers compared to repeat buyers. The chart below highlights the reduction in 90-day delinquency rates from 2001 to 2013.

Pre-purchase Counseling	2001 Analysis	2013 Analysis
	Est. Reduction in 90-Day Delinquency Rates	
Individual	34%	N/A*
Classroom	26%	28%
Home Study	21%	33%
Phone/Internet	< 5%**	32%
Overall Impact	19%	29%

Source: Freddie Mac* Insufficient sample size, ** Not statistically significant

The Mayer & Associates report entitled, *Pre Purchase Counseling Impacts on Mortgage Performance: Empirical Analysis of NeighborWorks® America's Experience* supports the Freddie Mac analysis that pre purchase counseling and education has a substantial impact on the performance of mortgages for home purchase. The report states that counseling produces a consistent one third reduction in serious delinquency over the two years following origination and the impact is the same for both first time homebuyers and previous homeowners. Review [related research](#) because *Housing Counseling Works!*

Empowering Consumers

Having the right knowledge, at the right time, in the right location is critical for people making housing related decisions. It is important for those seeking help to know where to turn for trustworthy assistance. Locating a housing counseling agency is as easy as a making a phone call, conducting an online search, or using the Housing Counseling locator app via HUD's interactive voice system, (800) 569-4287, [online portal](#), or [mobile app](#).

HELPING PEOPLE ACHIEVE SUSTAINABLE HOMEOWNERSHIP

By Shawn Needham, Communications Manager, Clarifi



Philadelphia, PA – Known since 1966 as the Consumer Credit Counseling Service of Delaware Valley (CCCS), the organization has its roots in helping people overcome their struggle with debt. To better reflect its growing foundation of services, CCCS changed its name to Clarifi, which represents the organization's efforts to clarify what can be a complex and confusing situation.

Financial Empowerment Centers

In 2013, Clarifi and the City of Philadelphia opened six Financial Empowerment Centers, replicating a model started in New York City by Mayor Michael Bloomberg. Clarifi's counselors help clients meet very specific goals with their money, including:

1. opening a savings account,
2. reducing debt and
3. dealing with collection agencies.

Counselors meet with clients three months after their first appointment to track their progress. After their financial goals are met, clients can then take part in Clarifi's pre-purchase counseling or attend a 'Keys to Homeownership' workshop if they want to start the homebuying process. Financial Empowerment Center clients can also take advantage of Clarifi's housing delinquency counseling if needed.

ReStart Housing Preservation Program

New Jersey Community Capital recently chose Clarifi to help implement its 'ReStart Housing Preservation Program' in Southern New Jersey; the program aims to help families avoid foreclosure in areas of New Jersey hit hard by Hurricane Sandy. Clarifi's counselors will work with

homeowners to try to secure mortgage modifications with principal reduction in most cases; other options can also be explored. As part of the program, Clarifi's counselors are working directly with the owner of the mortgages and anticipate improved chances of keeping families in their homes.

Stephanie Bittner, Clarifi's Community Outreach and Education Manager for New Jersey received NFCC's 'Outstanding Counselor of the Year' Award. When asked why she enjoys her work, Stephanie said, "It's very exciting and rewarding to watch participants during workshops as they begin to understand key principals and tools on how to improve their financial situation. I love seeing the renewed look of hope on their faces and hearing the sound in their voices when they realize they now have the ability to make positive financial improvements in their life."

Financial Smarts for Seniors

Clarifi offers a financial education program called 'Financial Smarts for Seniors.' Part of the program can help seniors make the best financial decisions if they are 'empty nesters,' or are looking to downsize, and review all aspects of reverse mortgages to see if it is an option they should consider.

"Our homes are at the heart of us. At Clarifi, we remain dedicated to helping families explore options to save their homes and taking part in the latest programs that will help us do so," says Patty Hasson, President and Executive Director of Clarifi.

For more information on Clarifi, visit www.clarifi.org.

REACHING CLIENTS WITH EXTENUATING CIRCUMSTANCES

Back to Work with FHA

Arlington, VA - The FHA's Back to Work - Extenuating Circumstances mortgage loan program shortens the waiting period to buy a home to as little as one year after a bankruptcy, foreclosure, deed in lieu of foreclosure, or short sale.

FHA will consider a homebuyer eligible if they had a financial hardship in the past but can now document the following circumstances:

1. FHA loan requirements
2. Mortgage or credit problems resulting from a financial hardship
3. A re established, responsible credit history
4. Completion of HUD-approved housing counseling.

Housing Counseling for Back to Work Program

Shortly after the program rolled out, Arlington Home Ownership Made Easier, Inc. (AHOME) began offering the HUD-approved back to work-extenuating circumstances housing counseling. AHOME has found that the counseling portion of the program is fairly easy to do. Most of AHOME's prospective homebuyers in the program lost their homes through a foreclosure or in a short sale. By the time AHOME began providing counseling to these former homeowners, they were highly motivated to become homeowners again and had saved money and rebuilt their credit.

As a HUD-approved housing counseling agency, AHOME's role is to assess the client's debt, ability to afford the mortgage, explain the mortgage insurance and the loan application process. AHOME requires prospective homebuyers to attend a HUD-approved homeownership education class prior to the counseling session in order to expedite the counseling process. The counseling session is a minimum of one hour and the borrower is required to complete the counseling at least 30 days before application for a new FHA mortgage. The certificate is valid for six months.

The Back to Work - Extenuating Circumstances program has proven to be a great fit for AHOME prospective homebuyers who had a financial hardship, recovered and are motivated to become homeowners again. Visit AHOME for more information.

Help on the Road



Wytheville, VA - In 1996, the Virginia Housing Development Authority (VHDA) realized the most efficient way to make their affordable home loans available in Virginia's rural areas would be to have an 'office on wheels.' Soon after, the first VHDA Mobile Mortgage Office — a converted recreational vehicle complete with computer technology and an experienced home loan officer — hit the road in Southwest Virginia. It proved so successful that a second Mobile Mortgage Office was launched in 1999 to serve the Eastern Shore, Northern Neck and Southside areas of Virginia.

During the past 16 years, these two mobile offices have generated more than 1,700 home loans. It's an accomplishment that centers on the human approach VHDA originators Allen Andrs and Michael Locking take with each of their customers. In addition to originating VHDA loans, Mobile Mortgage Office loan originators do everything from helping people re-establish their credit to arranging for them to take a homeownership education class — a requirement for all VHDA borrowers — and prequalifying them for a home loan.

Visit [VHDA's mobile mortgage offices](#) to learn more.

INQUIRING MINDS WANT TO KNOW

Q: How does our nonprofit become a HUD approved housing counseling agency?

A: Detailed information and additional requirements of the housing counseling program are provided in the [Housing Counseling Program Handbook 7610.1](#). The program handbook lists the qualifying criteria that all applicants must meet to receive HUD approval. A few of the more important criteria are:

- 1. Nonprofit Status.** The applicant must function as private or public nonprofit organization. The agency must submit evidence of nonprofit status as demonstrated by Section 501 (c) of the Internal Revenue Code.
- 2. Experience.** The applicant must have successfully administered a housing counseling program for at least one year.
- 3. Community Base.** The applicant must have functioned for at least one year in the geographical area that the applicant proposes to serve.
- 4. Counseling Resources.** The applicant must have sufficient resources to implement its proposed counseling plan no later than the date of HUD approval.

Q: How do we submit an application for approval by HUD?

A: Applicants should contact Ms. Hazel McLemore prior to submitting an application via phone at: (312) 913-8098 or email at: Hazel.McLemore@hud.gov.

Please follow the [Instructions for Agency's Submitting Applications to HUD for Approval](#).

The Office of Housing Counseling's (OHC's) goal is to complete the application review within 60 days. However, if documents are incomplete, or missing from your application, or if other issues arise during the process, it could take longer. Please [email HUD](#) if you have any questions.

Q: What is the next step for grantees under the FY2014 Housing Counseling Program and Training NOFA?

A: Grantees can expect to receive their Grant Award Package for the FY 2014 Comprehensive Housing Counseling and Training Grants by the end of June. The Grant Award Package for the Comprehensive grant will include the:

- Grantee Award Letter
- Grant Agreement
- HUD-9902 and
- OHC Point of Contacts.

As instructed in the grant award documents, Grantees will then return the executed documents to HUD. Once the returned grant documents are approved and processed by the OHC, Grantees will conduct their FY 2014 housing counseling and training activities and request reimbursement in accordance with the Grant or Cooperative Agreements, the FY 2014 Comprehensive Housing Counseling and Training NOFAs, and the General Section.

OHC will also be conducting training for grantees in July. Visit [OHC's training page](#) for more information.

Q: Where is information available about housing counselor certification?

A: OHC has created a separate webpage for housing counselor certification that includes links to the proposed rule and frequently asked questions. Please see [Office of Housing Counseling Certification](#) for more information.

Q: Will OHC be conducting any more stakeholder meetings?

A: OHC is planning to resume stakeholders meetings in July 2014. Our next topic for discussion will center on the revised form HUD 9910, *Performance Review of a HUD-Approved Housing Counseling Agency or Participating Agency*.

OHC will announce the session through the [OHC ListServ](#) and [training web page](#) when a date has been finalized.

CHAMPIONS OF SERVICE



Anna Hill

Crystal Lake, IL - "Whether someone is trying to purchase a home, rent an apartment, or is at risk of losing their home, the unknown can be terrifying. Once people come in to see our counselors, they leave with the information they need to face their situation and take the steps necessary to make things better," said Anna Hill, Program Manager of *Partners In Charity*.

For over a decade, *Partners In Charity's* mission has been to provide quality housing, find solutions for housing related problems, and offer housing related financial education to underserved populations including veterans, senior citizens, and low to moderate income families and individuals,

Hill has worked for *Partners In Charity*, a HUD-approved housing counseling agency since they first received HUD approval in 2009. "I started as a housing counselor and prior to that, was a licensed mortgage originator who wanted to do more than just sell loans. I wanted to make a difference in people's lives through education and thought I would be informing people about purchasing homes. Little did I know that the joke was on me! I quickly learned that the greatest need in our area at that time was helping people who were at risk of losing their homes," said Hill.

"Counselors were meeting with clients to help with mortgage modifications and foreclosures around the clock. We were a small agency, and had just received HUD approval, so we had to respond to an overwhelming demand with limited staff and funding. It was very difficult. At that time the loan servicers were terrible when it came to reviewing home retention options and it was an extremely long process. We were spending so much time faxing documents and making follow-up calls. As a result of the long hours and stress, we experienced a high turnover in staff."

Training is Key

In spite of the set-backs, Hill attributes *Partners In Charity's* success with helping their clients during those times to both training and scholarships sponsored by HUD and NFMC.

"If it wasn't for the [NeighborWorks Center for Homeownership Education and Counseling](#) and [NCLR's Homeownership Network Learning Alliance](#) trainings, we would have been lost. The classes gave us the knowledge we needed to effectively serve our clients in the most efficient way possible. Attending these trainings also boosted the spirits of our counselors. We were able to share and discuss ideas and experiences with other counselors from across the country. We learned what made other agencies successful, and developed our own action plan for our agency to take the steps we needed to succeed," said Hill.

As time went on, *Partners In Charity* was able to secure more funding to increase capacity. Programs such as the [Hardest Hit Fund \(HHF\)](#) and tools like [Hope Loan Port®](#) made them even more adept with assisting their clients. Hill states, "You have to look for every resource available. We continue to attend trainings and webinars whenever we can and network with counselors, managers and directors from other agencies."

Times are Changing

"I am happy to see that the times are changing. There is a hopeful feeling out there these days. While we are still helping people with modifications and foreclosures the demand has decreased. We are actually seeing a substantial increase in requests for pre-purchase counseling and education.

There are a lot of down payment assistance programs available in our state through the Illinois Housing Development Authority. It is fantastic because they are requiring housing counseling. It is so important that people educate themselves before getting into homeownership," shared Hill. "Also, the FHA Back to Work program is allowing people that may have lost their homes the opportunity to purchase a home if they recovered from their economic event."

Hill concludes that, "As counselors, we want to make sure we are giving our clients the tools and information they need so that the foreclosure crisis is not repeated. It is amazing to see clients that have lost their homes come back to us two years later, recovered and doing well enough to be able to purchase again. We are so glad to see the tide is starting to turn."

Visit www.partnersincharity.org for more.

SUCCESS STORY

Expanding Financial Capability For All



Salt Lake City, UT - Fair Credit Foundation (FCF), founded in 1997, is an award-winning 501(c)3 nonprofit community service agency dedicated to expanding financial capability for all. Their programs and services are designed to assist individuals and families move from crisis to control and create a long term action plan for financial security. These programs and services include:

- Certified credit counseling,
- HUD-approved homebuyer education,
- HUD-approved foreclosure prevention counseling,
- Debt repayment programs,
- Money management education,
- Workplace financial education,
- Asset building programs.

Empowering the Financially Distressed

FCF's programs and services empower financially distressed individuals and families so they may prevent foreclosure, avoid bankruptcy, make informed spending decisions, increase savings, improve credit worthiness, access mainstream financial services, obtain gainful employment, and reach goals of homeownership, microenterprise, college/vocational education, retirement savings, and more.

Individuals who seek assistance through FCF have access to a full range of solutions for almost any financial crisis or obstacle.

By helping families improve their financial capability skills and reach their financial goals, FCF strengthens local communities through economic opportunity and fiscal responsibility.

Bringing Hope with Back to Work

FCF's housing counseling program is designed to help individuals and families at every stage of the homeownership process from purchasing to re entry after a home sale to foreclosure prevention and maintaining homeownership through retirement.

Since the launch of the national Back to Work - Extenuating Circumstances program, FCF has provided pre purchase counseling to 56 households with 26 of these households obtaining counseling services specifically for Back to Work purposes. Of the 26 households thus far, 10 have purchased new housing either through Back to Work specific loan programs or other available lending options.

Housing counseling requirements for the Back to Work program include:

- Counseling from a HUD-approved agency,
- A combination of housing education and housing counseling, provided that each participant receives a minimum of one hour of one on one counseling.
- Complete the counseling a minimum of thirty (30) days but no more than six (6) months prior to submitting a loan application to a lender.

According to FCF housing counselors, the Back To Work program is giving hope to past homeowners who thought they had no any lending options available to them due to an economic event.

For more information in FCF's programs visit, www.faircredit.org.

ON THE HORIZON

New Performance Review Pilot for Housing Counseling Agencies

The Office of Housing Counseling (OHC) has been working to streamline the performance review process for local housing counseling agencies, subgrantees and affiliates and will be introducing improvements to the process in July. An industry call is scheduled for mid-July to introduce the Pilot Performance Review Program rollout. This one hour call, open to all Housing Counseling Agencies, will introduce the revised program and the reformatted HUD 9910, which is the form HUD uses during the Performance Review. The call-in information will be announced through the [Housing Counseling Listserv](#).

OHC will be gathering comments from agencies who are reviewed during the Pilot, which runs between July 2014 through December 2014. The OHC Performance Review team, managed by Kisha Wright, will review all comments, suggestions and industry reactions to further streamline and improve the process. The team will continue to evaluate on-going suggestions to keep the revised process up-to-date. After review of the process, OHC expects to finalize it early in calendar year 2015.

Intermediary Policies Update

OHC's Ruth Roman established an Intermediary working group within the Office of Housing Counseling to address five tasks:

1. Revise agency definitions,
2. Develop clearer guidelines for intermediaries,
3. Create a performance review process for intermediaries that addresses both financial and programmatic program requirements,
4. Clarify HUD policies related to LHCA's that are now affiliates of intermediaries, and
5. Make recommendations to encourage Housing Counseling Networks to participate in HUD's Housing Counseling Program.

The working group held two [OHC Stakeholder calls](#) in January 2014 entitled, "[Role of Intermediaries in the Housing Counseling Program](#)" and "[Role of SHFAs in the Housing Counseling Program](#)." Feedback from those calls and other input is being used to improve HUD's intermediary policies.

Currently, five reviewers are testing a proposed Intermediary performance review process. Comments from these performance reviews will be collected and summarized for OHC management and then a pilot program will be rolled out for intermediaries. HUD looks forward to working with all participants in its housing counseling program to ensure that HUD oversight tools lead to high quality counseling and strong stewardship of Federal funds. Email questions to housing.counseling@hud.gov.

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