



# **Arizona Roundtable**

## **November 18, 2015**

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

# Agenda

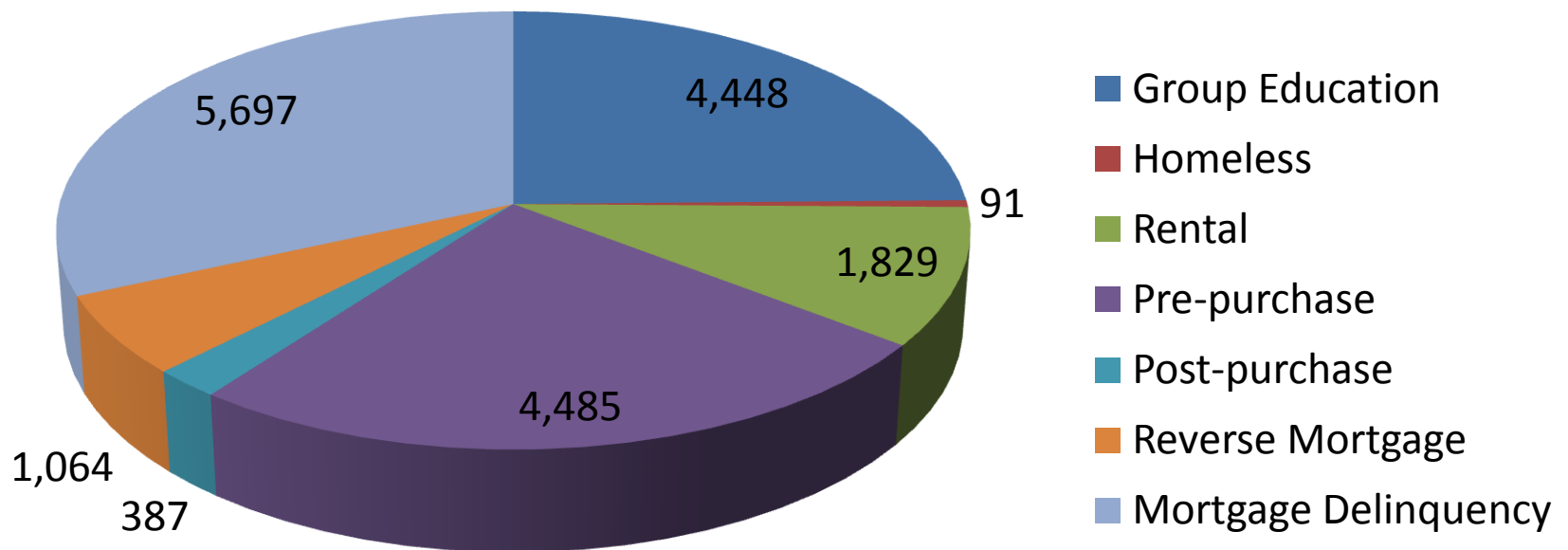
- Outcomes
- Updates from the Office of Housing Counseling
  - NOFA
  - Oversight
  - Counselor Certification
  - Federal Advisory Committee
- Strengthening Housing Counseling Agencies
  - Research
  - Revenue Models
  - Visibility
  - Policy
- HUD Approval
- Questions

# Outcomes



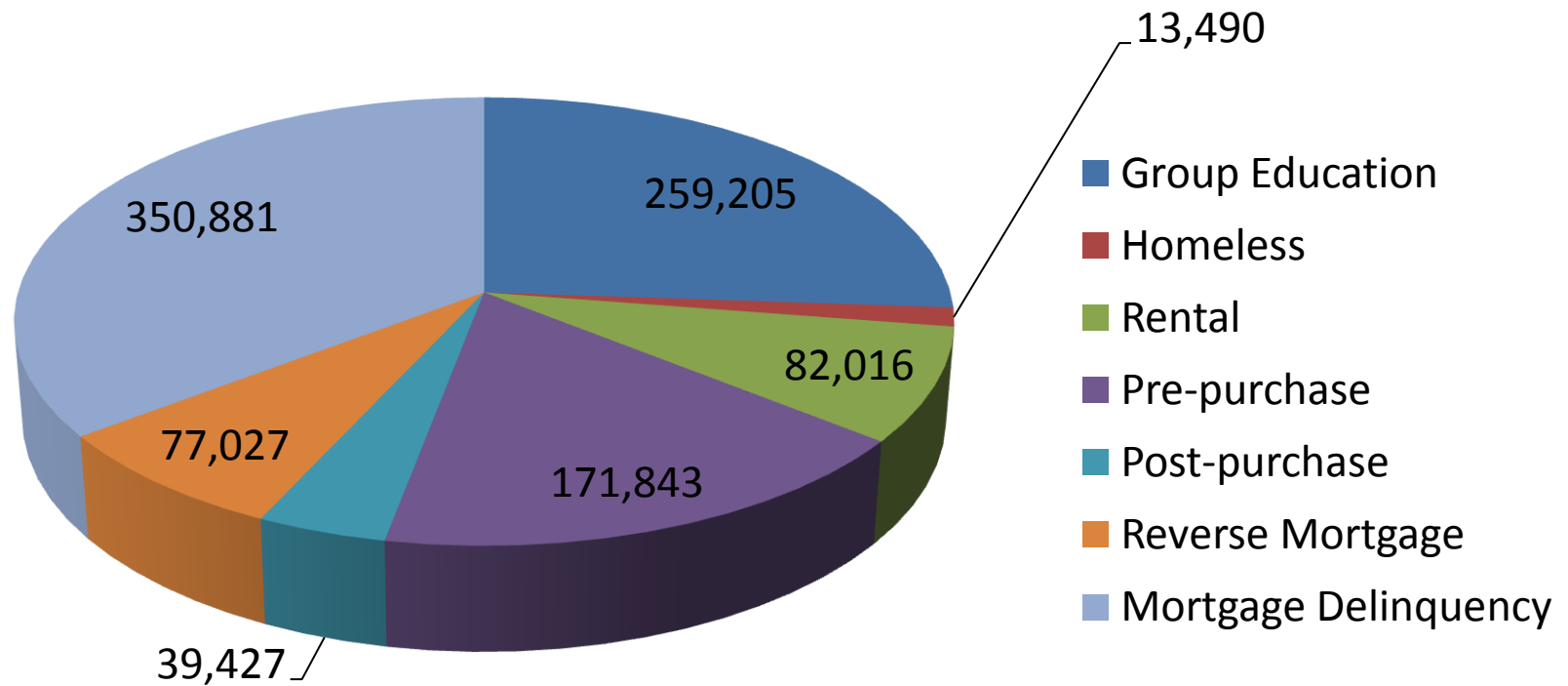
# Arizona Agencies HUD-9902 Data

## Oct 1, 2014 to June 30, 2015



Total Activity 18,001

# All Agencies HUD-9902 Data Oct 1, 2014 to June 30, 2015



Total Activity – 993,889





# Housing Counseling Grant Funding



# HUD Housing Counseling Grants

- Fiscal Year 15 appropriation bill passed by Congress and signed by the President provided \$47 million for grants, training and administrative contracts
- \$2 million more than 2014
- Grants distributed to previously funded and new agencies
- Fiscal Year 16 Continuing Resolution
- General Section is available on the website





# Housing Counselor Certification



# Statutory Requirements

**Financial Management**

**Property Maintenance**

**Responsibilities of homeownership and tenancy**

**Fair housing laws and requirements**

**Housing affordability**

**Avoidance of, and responses to, rental and mortgage delinquency and avoidance of eviction and mortgage default**

# Why Housing Counselor Certification?

- Establish a national standard knowledge base
- Instill consumer confidence
- Assist clients with knowledgeable referrals
- Counselors will have a better understanding of the big picture
- Help consumers avoid scams and fraud
- Elevate the value of housing counseling

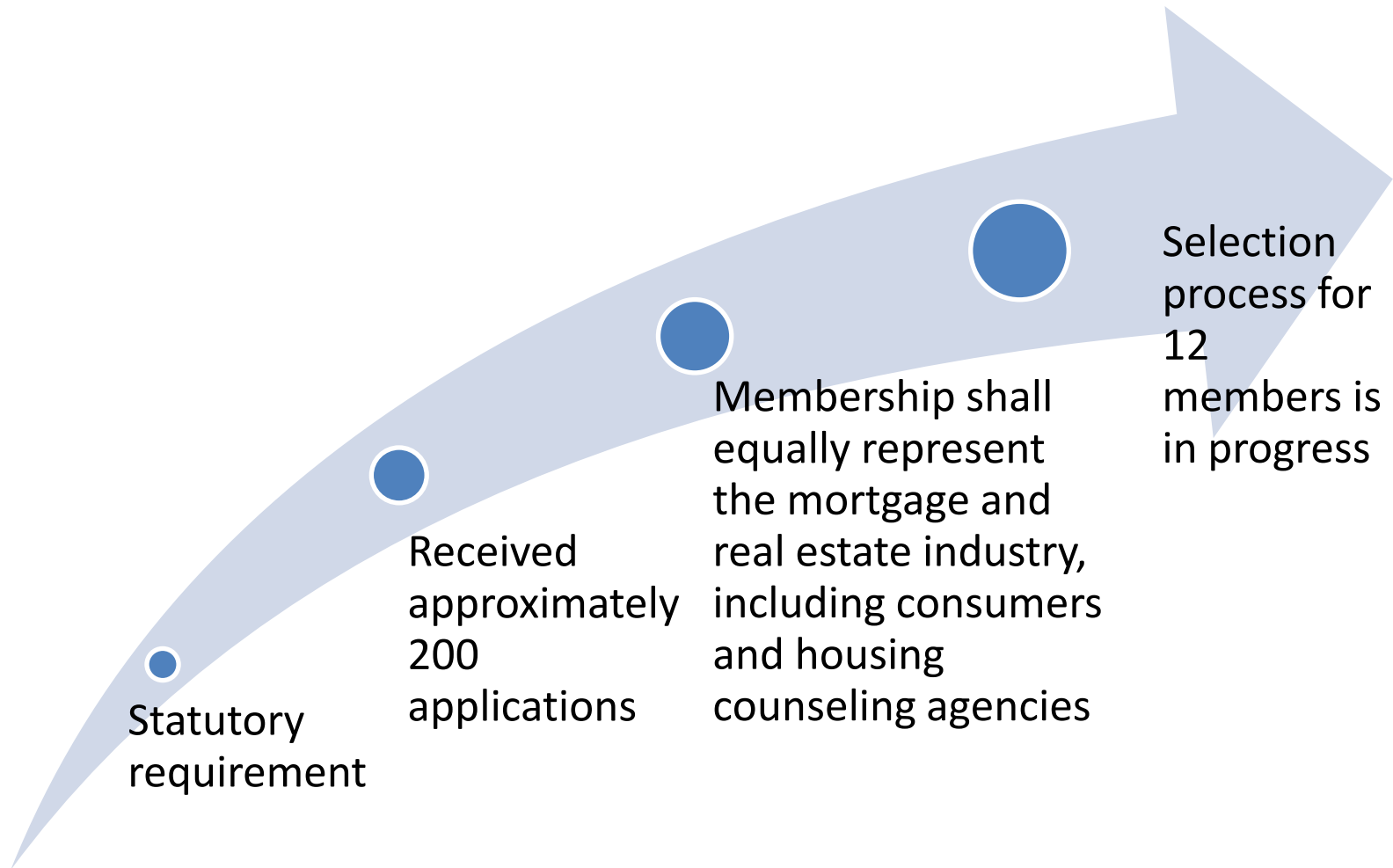
# Implementation

- OHC launched training website June 4:  
[www.hudhousingcounselors.com](http://www.hudhousingcounselors.com)
- **Free** on-line training and downloadable study guide – exam not available yet
- Training for examination not required but encouraged

# Federal Advisory Committee



# Housing Counseling Federal Advisory Committee





# Sustainability

- Close to 40 agencies have withdrawn nationally in the past 2 years
- Agencies don't receive enough funding to support their work
- Diminished foreclosure prevention funding
- Encouraging partnerships with lenders, state and local entities, real estate professionals and consumers





# Research and HUD Demonstration



# Housing Counseling Works

After four years, counseled borrowers had improved credit scores, less debt and fewer delinquencies. *2014 Federal Reserve Bank of Philadelphia*

Counseled homeowners were 2.83 times more likely to receive a modification, and at least 1.78 times more likely to cure a default, than similar non-counseled borrowers. *2014 Urban Institute*

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 Neil Mayer & Associates study*

Borrowers receiving counseling through individual programs experience a 34 percent reduction in delinquency rates, all things equal, while borrowers receiving classroom and home study counseling obtain 26 percent and 21 percent reductions, respectively.

*2001 Joint Center for Housing Studies*

Counseled homeowners were at least 67% more likely to remain current on their mortgage nine months after receiving a loan modification cure. *2011 Urban Institute*

Counseling reduces the delinquency rate by 29% for first time homebuyers and by 15% overall. *2013 Freddie Mac study*

Homeowners in default who received counseling were twice as likely to avoid foreclosure as those who did not. *Roberto Quercia and Spencer M. Cowan 2008*

The monthly payments of households that received counseling were, 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*

# HUD Randomized Experiment

- HUD's Pre-Purchase Homeownership Counseling Demonstration
- Randomized experiment underway
  - Study participants are randomly assigned to one of 3 groups:
    - Remote online pre-purchase education plus telephone counseling
    - In-person group workshop/education plus individual counseling
    - Control group that receives no services
- Enrollment begun January 2014 - baseline survey this year and report for 3 more years

# Oversight and Risk



# Oversight and Risk

- Improving oversight process
- Risks associated with housing counseling
  - Misuse of Federal funds
  - Poor quality of counseling
  - Weak organizations
- Oversight results are impressive
  - Less than 1% recaptures
  - Minimal complaints about housing counseling agencies
- Agency performance reviews

# Outreach and Visibility

- The following Banner is being displayed on vendor websites and via partner search engines:



- When clicked, it leads to the following video posted at HUD You Tube:
- [Housing Counseling Works! Video](#)
- [The Bridge](#)

# Access to Credit Awareness Campaign

- New contract in the works
- Exploring consumer demand
- Changing negative perceptions
- Building a nexus among HUD partners
- Translate into funding sources

# Revenues for Housing Counseling

Grants

Fees

Real Estate  
Partners

Lenders

Mortgage  
Transactions



# HUD Approval



# Housing Counseling Agency Approval

Housing Counseling Agencies seeking HUD approval complete Form HUD-9900

## **Applications are reviewed for the following:**

- Tax exempt nonprofit status
- Audited Financials
- One year program experience (which may be two years due to requirement of audited financials)
- Facilities
- HUD reporting ability (Client Management System)
- Compliance with the 7610.1 (Housing Counseling Handbook)
- Agency Work Plan

Agency is issued an approval letter. Agencies are also added to the HUD counseling finder phone line and website.

# Office of Housing Counseling

HUD Office of Housing Counseling

Housing Counseling Works



**[Hud.gov/housingcounseling](https://hud.gov/housingcounseling)**  
**[housing.counseling@hud.gov](mailto:housing.counseling@hud.gov)**