



# Arizona Roundtable

## November 18, 2015

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

# Agenda

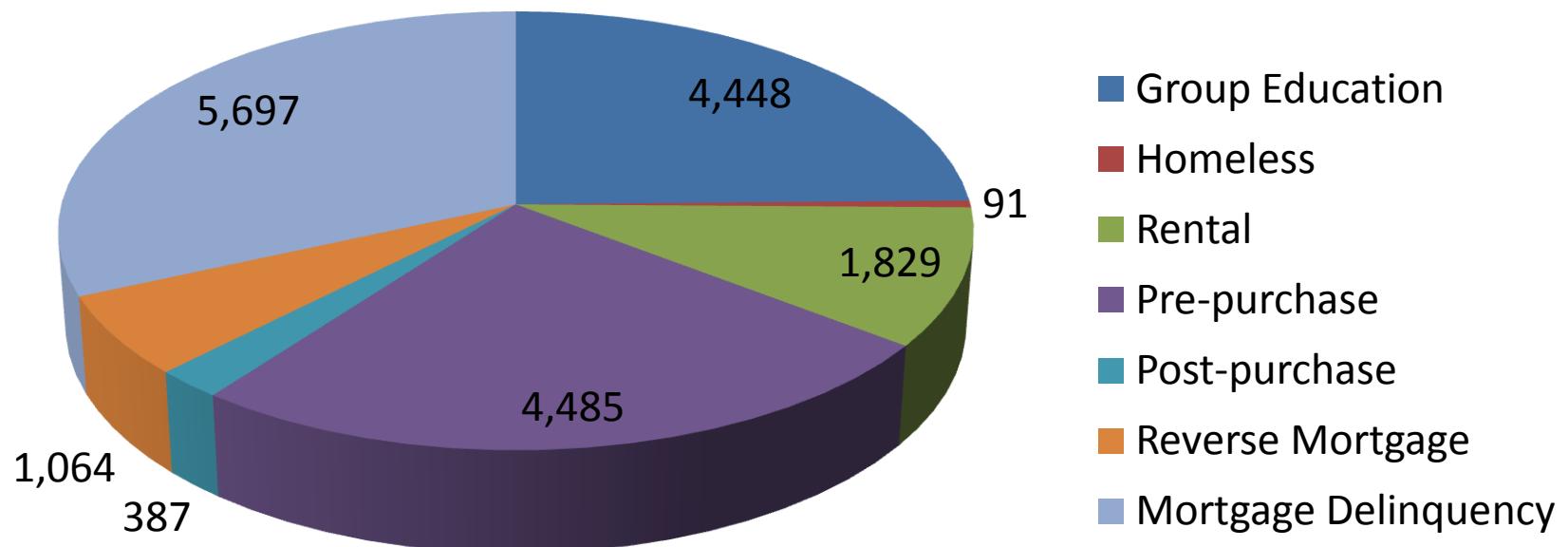
- Outcomes
- Updates from the Office of Housing Counseling
  - NOFA
  - Oversight
  - Counselor Certification
  - Federal Advisory Committee
- Strengthening Housing Counseling Agencies
  - Research
  - Revenue Models
  - Visibility
  - Policy
- HUD Approval
- Questions

# Outcomes



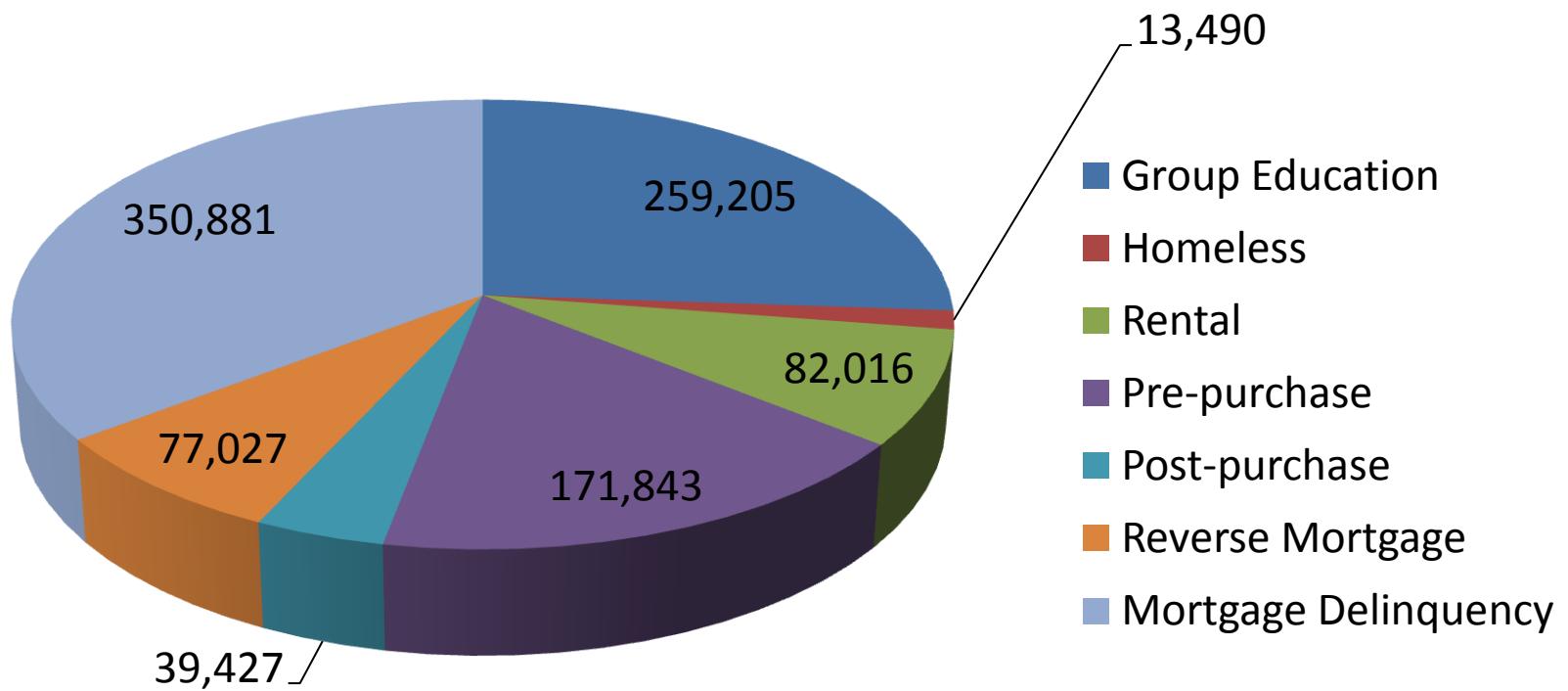
# Arizona Agencies HUD-9902 Data

## Oct 1, 2014 to June 30, 2015



# All Agencies HUD-9902 Data

## Oct 1, 2014 to June 30, 2015





Updates



# 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

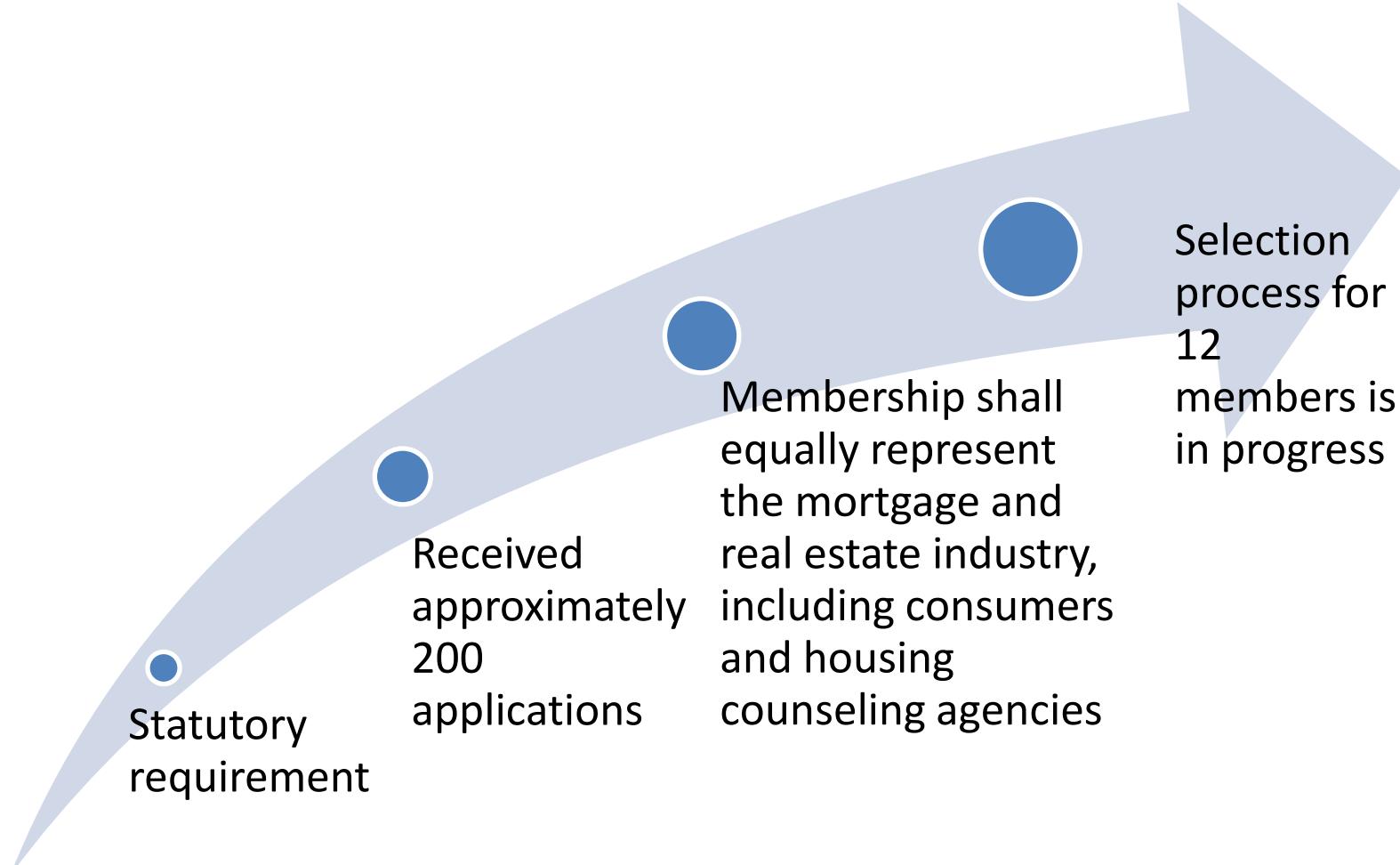
- OHC launched training website June 4:  
[www.hudhousingcounselors.com](http://www.hudhousingcounselors.com)
- Free on-line training and downloadable study guide – exam not available yet
- Training for examination not required but encouraged



# 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

**Avoiding  
Foreclosure**

There are a number of programs to assist homeowners who are at risk of foreclosure and otherwise struggling with their mortgage payments.

**LEARN MORE**

1 2 3 4 5 6 7

A photograph of a two-story house with white horizontal siding and a prominent front porch supported by white columns. A swing hangs from the porch. An American flag is displayed on the porch. The house is surrounded by greenery and flowers. The photo is credited to "HUD Photo".

**Hud.gov/housingcounseling**  
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