



## **Office of Housing Counseling Report on the Housing Counseling Stakeholders Forum September 27, 2012**

### **Housing Counseling Stakeholders Forum Overview:**

The Department of Housing and Urban Development's (HUD) newly established Office of Housing Counseling (OHC) held a Housing Counseling Stakeholders Forum on September 27, 2012 at HUD Headquarters in Washington, D.C. The purpose of the forum was to discuss and generate ideas about several new priority areas related to HUD's Housing Counseling Program. These priority areas include creating program metrics, grant making improvements and implementing new statutory requirements. While the OHC's priority areas will likely continue to evolve, this forum provided an opportunity for housing counseling stakeholders to provide input on some of the immediate priority areas.

The session brought together representatives from HUD-approved Local Housing Counseling Agencies (LHCAs) and intermediaries, as well as housing industry group representatives. Several HUD staff members attended the forum but did not participate in the discussion. A total of 18 external stakeholders participated in the session, representing 14 LHCAs, intermediaries and housing industry groups. The LHCA and intermediary participants reflected a cross-section of HUD-approved housing counseling agencies, varying in size, client volume and location throughout the country. The list of participating agencies is provided at the end of this report.

At the start of the session, the facilitator introduced a list of 20 issues pertaining to HUD's Housing Counseling Program. To ensure that the highest priority issues were discussed, the stakeholders were then asked to vote on the top 5 issues. The selected discussion topics were:

- Policy: Processes and policies that would need to change to better integrate housing counseling into the mortgage process.
- Systems and Efficiency: Improving communication and training and reducing reporting and contracting burdens for local housing counseling agencies by encouraging them to affiliate with intermediaries.
- Oversight: The definition of quality housing counseling and the prevalence of counseling by HUD-approved agencies that is not of adequate quality.
- Certifying Counselors: Fees that are considered reasonable and customary for counselors (or their employers) to pay for the training and testing.
- Systems and Efficiency: The most urgent and important improvements HUD could make to its information systems.

The full list of discussion topics is provided at the end of this report. The following overview reflects the external stakeholders' comments, ideas and individual experiences relating to the selected highest priority issues, as best captured in the notes taken by the moderators and note-takers. The overview does not reflect group consensus, nor is the overview intended to document all of the dialogue in its entirety or all comments made during the session. These notes do not reflect the opinion of the Department or any specific housing counseling agency or industry group participating in the event.

Additional comments or feedback on these initiatives can be sent to [housing.counseling@hud.gov](mailto:housing.counseling@hud.gov). The OHC will continue to hold meetings, calls and forums around the country and will invite comment and dialogue about these and other initiatives.

## **Section I. Discussion of Stakeholders' Top 5 Housing Counseling Program Priority Areas**

### **1. Policy: Processes and policies that would need to change to better integrate housing counseling into the mortgage process.**

- Need for Housing Counseling to work with consumers to better package the mortgage process.
- Need for financial offset to help facilitate training opportunities for areas that cannot afford it (use of webinars and online training).
- Lenders need to support training and efforts of counselors to use specific programs to submit mortgage process paperwork.
- There is a challenge in making sure lenders understand the need for housing counseling and growing a relationship between the counselors and the lenders.
- Possible incentives that are attractive to consumers to utilize housing counseling to drive additional business.
- Ensure that the education process is integrated early on in the mortgage process. For example, Maryland has a system where prospective homebuyers are provided financial assistance if they receive state counseling prior to signing a contract.
- There are opportunities for post-purchase counseling.
- Important to keep the counseling process neutral.
- Need to engage financial industry more to understand the importance of education in housing counseling.
- Initiative Example: Allowing consumers to engage in counseling during foreclosure in order to possibly deviate the process altogether.
- This may be a good time to conduct a study comparing homeowner training and counseling prior to the decline in the housing market and how people are doing now as a result.
- Look at different outreach opportunities for counseling.

### **2. Systems and Efficiency: Improving communication and training and reducing reporting and contracting burdens for local housing counseling agencies by encouraging them to affiliate with intermediaries.**

- Burdens are not reduced by affiliating; affiliations are not best for all.
- It is more difficult for smaller, local housing counseling agencies to affiliate.
- HUD needs to provide level of technical assistance to intermediaries to establish one-mindedness.

- Is it easier for local agencies to merge with other local independent agencies instead of affiliates?
- Overall reporting procedures for intermediaries need to be clarified and improved.
- Local agencies should have “the option to affiliate” instead of “encouraging them to affiliate” with intermediaries.
- Greater transparency is needed regarding information about which agencies are affiliated with each other.
- Having affiliates requires more overhead costs.
- National intermediaries and HUD need to be in the same meetings to ensure they are working together.
- Local counseling without an affiliate provides more independence and ability to react quickly.
- There is a possible difference between urban and rural areas regarding the necessity to affiliate with intermediaries.
- Large amount of comments provided regarding working with intermediaries due to funding and additional support.
- It is important for HUD to gather and disperse the right data.

**3. Oversight: The definition of quality housing counseling and the prevalence of counseling by HUD-approved agencies that is not of adequate quality.**

- Every agency should have good oversight, high standards, and well trained staff.
- It is difficult for HUD to differentiate between the predatory organizations and those that are not.
- It is hard for long-time counseling organizations to compete against newly formed organizations in the same area.
- Getting HUD involved in looking at the need for counseling organizations in a specific area.
- Need more policing up and housecleaning of counseling organizations and set standards as high as possible.
- Expectation of housing counseling is not established initially for consumers.
- Some consumers feel that without a fee, they are not receiving quality service.
- HUD could create a mechanism to look into underserved areas.
- The industry will never be professionalized without providing high-quality products.
- All counseling is not equal due to character, but bad counseling comes down to the counseling outcome.
- Use of certification and reverse mortgage test that reflects skills.

**4. Certifying Counselors: Fees that are considered reasonable and customary for counselors (or their employers) to pay for the training and testing.**

- Who is defined as the “employer”?
- Is testing designed into a break-out or comprehensive exam?
- It is important for HUD to utilize webinars, train-the-trainer, e-trainer.
- Need to have one exam that is comprehensive that would be good funding.
- Need a standard set when utilizing online training (i.e., Certificates).
- It is Important to schedule a training track but need better schedules from HUD further in advance.
- Look into other organizations and partnerships for training.

- Exam and mandatory training could be a huge burden on smaller organizations.
- Challenge for HUD is how high to set the certification.
- Need to ensure the counselors receive the standard before placing an exam requirement.
- Need to find balance between those who can and cannot afford exams and CEU maintenance.
- HUD should provide a long lead time to allow implementation and understanding of standards before taking action against counselors who have not taking an exam.

**5. Systems and Efficiency: The most urgent and important improvements HUD could make to its information systems.**

- National CMS (Client Management System) brings privacy issues as it is a national database collecting micro-level information but does not bring any substantial benefits; need to re-visit goals and expected outcome from having national CMS.
- Each funder requires different levels of information, and there is no set standard for what data is needed from the national CMS.
- Congress wants to see numbers that capture data in a concise system that reports who counselors are servicing.
- National CMS is a very expensive, unfunded mandate.
- Has HUD provided any reporting information outcomes from using the national CMS to the agencies?
- Being able to produce an outcomes report allowed agency in Colorado to gain substantial funding.
- There is a presumption that even with an agency having a good local CMS-type system, there is no purpose in having a national-level CMS.
- Encourage HUD to allow connection into national-level CMS system through an organization's local system.
- Need possible restrictions on information that is being accessed by the national-CMS.
- There are large threats associated with upgrades in technological services which affect ability to link into national-network.
- There is no discussion of using national-CMS for AG use.

**Closing Remarks:**

At the conclusion of the Housing Counseling Stakeholders Forum, closing remarks were made by U.S. Housing and Urban Development Secretary Shaun Donovan and FHA Commissioner and Assistant Secretary for Housing, Ms. Carol Galante.

**Section II. List of Housing Counseling Stakeholder Forum Participants**

External, Non-HUD participants that were present included:

Agency
National Community Reinvestment Coalition
National Housing Resource Center
APD Solutions
NeighborWorks Center for Homeownership Education and Counseling (NCHEC)
Homeownership Preservation Foundation
Southern Maryland Tri-County Community Action
Virginia Housing Development Authority (VHDA)
Housing Counseling Services, Inc.
Garden State Consumer Credit Counseling, Inc. - Novadebt
Brothers Redevelopment of Colorado
Long Island Housing Partnership, Inc.
Housing Initiative Partnership, Inc.
Housing Opportunities Made Equal of Virginia, Inc. (HOME)
Piedmont Housing Alliance

**Section III. List of Housing Counseling Program Priority Areas**

A. Measuring the Impact of the Office of Housing Counseling

1. Indicators that should be part of the Office of Housing Counseling report or dashboard.
2. Reporting now required that could be eliminated without losing valuable program information.

B. Certifying Counselors

3. Estimate of percentage of counselors working at HUD approved agencies today that are competent (and could pass a test today).
4. Fees that are considered reasonable and customary for counselors (or their employers) to pay for the training and testing.
5. The challenges to selecting one vendor to train and test. Criteria used by existing tests that should be incorporated or adopted by HUD.
6. Unintended consequences of a requirement that individual counselor certification is only valid if the counselor is working for a HUD-approved housing counseling agency.

C. Systems and Efficiency

7. Improving communication and training and reducing reporting and contracting burdens for local housing counseling agencies by encouraging them to affiliate with intermediaries.

8. The most urgent and important improvements HUD could make to its information systems.

#### D. Policy

9. Processes and policies that would need to change to better integrate housing counseling into the mortgage process.
10. Ways to collect and share best practices and encourage scalable housing counseling programs across states and regions.

#### E. Capacity

11. Improving the business model of housing counseling (rental, pre- and post-purchase).
12. Criteria to determine and prioritize the need for new or expanded housing counseling agencies.
13. The role of housing counseling networks such as state or local coalitions that are not HUD-approved intermediaries or housing finance agencies.

#### F. Grant making

14. The nature of incentives that would produce the highest quality counseling networks for intermediaries and their affiliates.
15. The allocation of resources between providing ongoing training to counselors and preparing counselors for the new testing requirements.

#### G. Communication and Outreach

16. Improving communication with local housing counseling agencies, which may not know how to prepare for changes in certification requirements or may not be aware of best practices.
17. The scope, priority, funding source(s) and design of a national media and grassroots outreach campaign to consumers explaining the benefits of seeing a housing counselor.
18. The role and success of events focused at assisting consumers to avoid foreclosure.

#### H. Oversight

19. The definition of quality housing counseling and the prevalence of counseling by HUD-approved agencies that is not of adequate quality.
20. Opportunities to streamline or improve the HUD process to review and re-certify housing counseling agencies.