

Next Steps on Housing Counseling and Outreach

Follow Up to the 9/13/12 White House Meeting

TARP Funding: Treasury is considering the use of NeighborWorks as a vehicle to provide compensation to housing counselors for the work counselors do on assembling and submitting HAMP applications. As practitioners in the field, we would like to encourage that the evaluation for compensation be based on the end result -- a completed HAMP application submitted to the mortgage servicer.

If more data is an absolute requirement, we encourage that the additional data fields be the HUD 9902 data fields, which all HUD approved housing counseling agencies are required to collect. The cost of collecting data is high and counselor time and resources are best spent assembling HAMP applications and working with homeowners.

If funds are distributed through NeighborWorks, the funding should be available to all NFMC eligible groups, and not just the NeighborWorks affiliates.

Need for Non-Tarp Funding: We all know that effective housing counseling is more than intake and referral. Quality counseling includes financial and credit counseling, escalating cases, keeping clients up to date as the case progresses, refreshing financial documents, short sales, reverse mortgage, and transition to rental counseling. Under the current interpretation, these activities cannot be funded using TARP funds. The nonprofit housing counseling community is committed to working with homeowners to provide the best and most appropriate solutions for each family, but much of the available funding supports entry into the loss mitigation process but not the extensive work required to get to resolution and financial recovery.

Therefore, we are asking the Administration to access non-TARP funding sources and direct these to housing counseling agencies to fund the gap in quality counseling. To fund the provision of quality counseling services, we propose the Administration tap into the following funding streams:

1. Department of Justice settlement funds
2. CFPB settlement funds
3. Hardest Hit Funds (permit states to commit a portion of the HHF funds for housing counseling capacity building and quality counseling)
4. A mortgage servicer funded housing counseling grant program

Outreach: Finally, we want to continue the discussion on the development of a comprehensive outreach program which refers people to local counseling agencies and legal services. We feel it is critical to have a prime time/drive time marketing campaign, coupled with a grassroots and more personal community based outreach program. This is needed because, as community member Rev. Ben Sandin pointed out at the meeting, "The loan scam artists are out marketing the government."

Next Steps: At the break out session we agreed on a follow up call to discuss these issues in more depth with Treasury, HUD, and the White House.