

**Housing Finance Reform and the Consumer Experience:
The Importance of Housing Counseling**

Presented at

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for Consumers”

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Submitted by
Lautaro Lot Diaz
Vice President, Housing and Community Development

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I. Introduction

Chairman Johnson, Ranking Member Crapo, and distinguished members of the Committee, thank you for inviting me to appear this morning on behalf of the National Council of La Raza (NCLR), where I serve as the Vice President for Housing and Community Development. I have worked for over 25 in the community development field, serving low-income families, and I appreciate the opportunity to provide expert testimony about the work on which I have built my career and that has been a fundamental part of NCLR's mission.

NCLR is the largest national Hispanic civil rights and advocacy organization in the United States, an American institution recognized in the book *Forces for Good* as one of the best nonprofits in the nation. NCLR works with a network of nearly 300 Affiliates—local, community-based organizations in 41 states, the District of Columbia, and Puerto Rico—that provide education, health, housing, workforce development, and other services to millions of Americans and immigrants annually.

For more than two decades, NCLR has actively engaged in public policy issues such as preserving and strengthening the Community Reinvestment Act and the Home Ownership Equity Protection Act, supporting strong fair housing and fair lending laws, increasing access to financial services for low-income families, and promoting homeownership in the Latino community. As evidence of our commitment to housing-related policy and programmatic research, NCLR has recently published a number of reports on Latinos' interaction with the market, including:

- *Puertas Cerradas: Housing Barriers for Hispanics*, published by NCLR and the Equal Rights Center (July 19, 2013)
- *Making the Mortgage Market Work for America's Families*, published by NCLR and the Center for American Progress (June 5, 2013)
- *Latino Financial Access and Inclusion in California*, published by NCLR (June 4, 2013)

In addition to policy research, NCLR has for the last 13 years supported local housing counseling agencies. The NCLR Homeownership Network (NHN), comprised of 49 community-based housing counseling providers, works with over 50,000 families annually and has nurtured more than 30,000 first-time homebuyers since its inception. Following the financial crisis, the NHN responded to the Latino community's need by shifting the focus to helping families stay in their homes. NCLR's combination of housing-related policy research and local community experience with the NHN gives us a unique perspective on how Latino families interact with the mortgage market, their credit and capital needs, and the impact of government regulation on financial services markets.

With this background, my testimony today will begin with a discussion of the impact of the housing crisis on low- and moderate-income families, focusing on Latinos, which is the target of NCLR's work. My remarks will provide a framework to better understand the extent to which pre- and post-purchase housing counseling helps increase access to credit in hard-to-serve markets. It is also a critical loss mitigation tool to ensure that families are ready to buy and that they completely understand the processes involved in the event of delinquency. Finally, I will

conclude my testimony with observations on the necessity of preserving access to affordable housing finance options, based on client interactions. It is my hope that this testimony will assist in clarifying some commonly held misconceptions about the origination of the housing crisis and, by extension, what policies are needed to remedy these issues.

II. Impact and Origination of the Housing Crisis

We are now five years after the collapse of the subprime mortgage market and the ensuing financial crisis, and the nation's housing market remains broken. An estimated 2.7 million homeowners lost their homes to foreclosure and many more are still at risk of foreclosure. Communities of color, and the Latino community in particular, were hit hardest by this crisis and suffered an extreme loss of wealth. While it will take considerable time to fully understand the implications of this recent economic and housing crisis, it is clear that these communities have borne the brunt of the impact. For example:

- Hispanic families lost 44% of their wealth between 2007 and 2010; by contrast, Black families lost 31% and White families lost 11%.¹
- From 2005 to 2009, the median level of home equity held by Latino homeowners declined by half—from \$99,983 to \$49,145. At the same time, homeownership rates among Hispanics also fell, from 51% to 47%. A disproportionate share of Hispanics live in California, Florida, Nevada, and Arizona, the states that experienced the steepest declines in housing values during the crisis.²

In the run-up to the financial crisis, the mortgage market did not serve these communities of color particularly well. More specifically, Latino and immigrant borrowers are prone to unique profiles, including a lack of traditional credit history, multiple co-borrowers, and cash income, qualities that make them unattractive to lenders who rely on automated underwriting. This standardization in many instances does not capture a borrower's true credit risk, particularly in the aforementioned cases. While prime lenders, the Federal Housing Administration (FHA), and the Veteran's Administration (VA) offered loans designed to accommodate these unique profiles, the majority of private sector lenders referred these loans to their subprime affiliates or simply did not advertise in these communities at all. As a result of this market failure, a vacuum emerged that subprime and predatory lenders quickly filled, leading to a record-high foreclosure rate in Latino and minority communities. When compared to Whites, Latinos were 30% more likely to receive high-cost loans at the height of the housing bubble when purchasing their homes.³

Today the market is not serving communities of color significantly better. Even though housing prices are on the rise, the market remains broken. Housing prices in many urban markets with heavy minority populations are once again rising faster than income. At the same time, the so-called credit box continues to tighten. Creditworthy, low-income homebuyers cannot meet the

¹ Signe-Mary McKernan, Caroline Ratcliffe, C. Eugene Steuerle, and Sisi Zhang, *Less Than Equal: Racial Disparities in Wealth Accumulation* (Washington, DC: The Urban Institute, 2013).

² Rakesh Kochhar, Richard Fry and Paul Taylor, *Wealth Gaps Rise to Record Highs Between Whites, Blacks, Hispanics* (Washington, DC: Pew Research, 2011).

³ Debbie Gruenstein Bocian, Keith S. Ernst, and Wei Li, *Unfair Lending: The Effect of Race and Ethnicity on Price of Subprime Mortgages* (Durham, NC: Center for Responsible Lending, 2006).

overcorrection in today's lending standards that have stemmed from the housing collapse. As a result, mortgage credit currently serves only the most pristine customers with FICO scores over 760, with down payments above 20%, and with the capacity to buy jumbo loans.⁴ These trends point to an unsustainable housing market that has not yet fully recovered.

Housing counseling was created in part as a response to many of the problems underscored by the most recent housing crisis. More than simply increasing financial literacy, counseling is a tool to combat some of the unethical and at times illegal practices employed by a number of subprime lenders targeting of communities of color.

As a result, local housing counseling agencies are on the frontlines witnessing these macro trends firsthand and providing assistance to families in traditionally underserved communities. In essence, the services provided by counselors are designed to correct the precise market failures that were integral to the economic downturn. Yet, as I will speak to in a moment, support for this work has not kept pace with demand. Housing finance reform must commit to integrating and strengthening the counseling infrastructure, which will help ensure that these services are widely available to expand access to credit in hard-to-serve markets. It would also combat foreclosures by helping future homebuyers fully understand the implications of their mortgage terms and avoid predatory lending practices.

III. Housing Counseling

Within this framework of a true market failure to serve low- and moderate-income buyers, housing counseling plays a critical role in the today's housing market. I will describe how housing counseling works, the communities it serves, and its proven effectiveness in helping families stay in their homes.

The Department of Housing and Urban Development's (HUD) Housing Counseling Program funds a number of housing counseling organizations—a total of 277 local agencies, 22 State Housing Finance Agencies, and 27 national and regional intermediaries. As a national intermediary, NCLR distributes funding to its network of 49 housing-focused community organizations based on work plan, goals, and outcomes. To support our network's local operations, we provide quality control and training, build capacity, facilitate industry partnerships, pioneer products and offer technology support. All organizations compete for funding on an annual basis, and NCLR works closely with HUD to expand the availability of counseling services to new communities and promote the nonprofits that serve them. HUD has comprehensive standards on how housing counseling is conducted and must certify all agencies that receive funding. To ensure compliance, HUD audits housing counseling agencies every two years to measure adherence to the standards. Only audited agencies or agencies within intermediary networks are deemed "HUD certified" and therefore eligible for funding.

Creating homeownership opportunities in low- and moderate-income Latino communities has been a particular priority of NCLR's for well over a decade. HUD-certified housing counselors

⁴ Bhutta, Neil, and Glenn B. Canner. 2013. "Mortgage Market Conditions and Borrower Outcomes: Evidence from the 2012 HMDA Data and Matched HMDA–Credit Record Data," *Federal Reserve Bulletin* (Forthcoming). http://www.federalreserve.gov/pubs/bulletin/2013/pdf/2012_HMDA.pdf. Accessed on October 25, 2013.

play a crucial role in these efforts as third parties that offer unbiased information and advice to homebuyers, renters, victims of predatory lending, and families facing a financial emergency. NCLR's NHN counselors emphasize one-on-one counseling—in-person whenever possible—which has proven a more effective way of generating positive outcomes for Latino families specifically.⁵ This approach helps the family feel more comfortable, allows them to have private questions answered, and gives the counselor an opportunity to evaluate their situation and develop tailored solutions for the family's personal finances. As the foreclosure crisis hit, this same method was used for at-risk homeowners.

Along with the aforementioned face-to-face counseling, our network also uses classroom instruction and telephonic counseling where easy access to a counseling organization may prove difficult. Recently, counseling over the Internet using Skype has extended the geographic reach of individual organizations. Whether assisting a family with rental housing, a first-time home purchase, or mortgage delinquency, all HUD-approved counseling has to follow pre-specified comprehensive guidelines. These guidelines dictate that all counselors must advocate for the best interest of the client and not for a proprietary interest. This fiduciary duty in tandem with vital education on housing credit processes are the central factors contributing to housing counseling's effectiveness.

HUD counseling agencies assist with an array of housing crises faced by members of their respective communities. The primary counseling services that impact today's government-sponsored enterprise (GSE) reform discussion are pre-purchase counseling that helps families purchase a home, and post-purchase counseling after a family has closed on their mortgage or in the event of a mortgage delinquency. Not only are these services beneficial to the client, the lender and investor also benefit from having a more informed consumer.

A housing counselor providing pre-purchase counseling does five important things: 1) educate the borrower on all aspects of the home-buying process, including the various private interests integral to this process; 2) review the client's income, credit, savings, and family budget to help them understand what they can and cannot afford; 3) ensure that the obligation and essential practices that are central to owning a home are understood; 4) assist the family in understanding the documents they are signing and the obligations implied; and finally 5) provide community resources to address any issues that could impact the long-term ability to manage the mortgage loan. These steps are codified in HUD's guidelines and upheld by the members of NCLR's network. Furthermore, these five steps also help to ensure prudent decision-making by the client because they make clients more fully aware of the obligations they are undertaking. Loan performance is demonstrably greater when a family obtains a loan with this kind of support, as opposed to loan performance without it.

For example, an Ohio-based counseling agency worked with a family who had filed for bankruptcy at the height of the economic downturn. This family, however, still aspired to

⁵ Ryan M. Johnson and Elsa Macias, *Home to Own: A New Model for Community-Based Low-Income Mortgage Lending* (Arizona: Morrison Institute for Public Policy, 1995). See also Brenda Muniz, *Financial Education in Latino Communities: An Analysis of Programs, Products, and Results/Effects* (Washington, DC: National Council of La Raza, 2004); Janis Bowdler, *Financial Literacy and Education: The Effectiveness of Governmental and Private Sector Initiatives* (Washington, DC: National Council of La Raza, 2008); and Eric Rodriguez, *Licensing and Registration in the Mortgage Industry* (Washington, DC: National Council of La Raza, 2005).

become homeowners despite their financial turmoil. The counselor advised them to enroll in an education class. After following an action plan developed with a housing counselor, the family shortly thereafter successfully qualified for a VA loan; they purchased a home.

In instances when a client is confronting delinquency, they are better served with a counselor than facing the challenge alone. In this circumstance, counseling follows an almost identical rubric to pre-purchase processing with an emphasis on helping clients fully understand their options and ushering them through whatever process they decide is best for their financial situation.

As a concrete example of post-purchase counseling, one of our counseling agencies reported a story about a family seeking help after falling behind on their mortgage as a result of traumatic medical debt. The economic downturn left the family with little to no emergency savings. The family was facing foreclosure proceedings and they were understandably frightened and upset, having lived in their home for a number of years. The counseling agency reviewed all necessary documentation and worked with the bank in advance of a settlement conference to get a trial mortgage modification that could lead to a permanent modification. This case is illustrative of a best-case scenario where the bank was quick to confirm receipt of paperwork and generally responsive.

Frequently, however, the post-purchase counseling process is less supportive. For example, a Miami family working with a counseling agency had negotiated a trial mortgage modification with their loan servicer. Even though the client had continued to make their payments on the trial modification, the bank had continued foreclosure proceedings. The property was sold, prompting the housing counselor to involve legal counsel to reverse the sale. A judge ruled in the client's favor, but without the support of a counseling agency the client would have lost their home. There are countless examples like this from our NHN organizations where counselors must help families confront lengthy and complex processes and work with unresponsive banks—issues that are all the more complicated when there are language barriers.

The NHN and similar counseling organizations are delivering mortgage-ready borrowers by following the processes outlined. All of the NHN counseling agencies focus on the atypical borrower—lower-income individuals with barriers to entering the market. Of particular importance to NCLR, our bilingual counselors play a critical role in helping future homeowners overcome language barriers to understand and access information. Housing counselors provide their clients with access to information about products and standards available in the current marketplace, information they may have never obtained without third-party assistance.

IV. The Benefits of Housing Counseling

The positive impact of individuals having access to housing counseling services is significant for the mortgage industry. Housing counseling supports safety and soundness for several reasons and should be more fully integrated into the credit process by encouraging borrowers to utilize this service through pricing discounts or as a compensating factor for higher-risk borrowers.

A better-prepared borrower makes the entire housing system safer and more secure. Prior to the increased participation of private hedge funds and the dramatic increase in liquidity eager to create and buy mortgage-backed securities in the mid-to-late 1990s, lenders exercised intense scrutiny to ensure that a borrower was prepared for their mortgage obligations. At that time, NCLR's work focused less on mortgage modifications and more on creating lender pilot programs. These programs were designed to assure the lending community that a family who received HUD-certified housing counseling was fully educated and prepared for their mortgage obligation, which would decrease the risk of default; these efforts demonstrated that low-income borrowers with the right knowledge and tools posed acceptable credit risk. This changed dramatically in the period leading up to the foreclosure crisis.

The 21st century ushered in an era of shoddy mortgage underwriting and the conventional wisdom that "if you can breathe, you can get a mortgage." While a majority of lenders exercised responsible underwriting practices, pressure to create ever more originations by the capital in the market generally drove down underwriting standards. In the late '90s, the FHA also fell prey to this pressure when it discontinued discounts on the insurance premium for borrowers who received homebuyer education. Due to weaker underwriting standards, counselors began to see overly flexible products that allowed borrowers to take on more risk with less stringent underwriting standards. This in turn spurred some of the escalation in housing prices and was a prime driver of the foreclosure crisis that depleted so much wealth in communities throughout the country.

Essentially, a family that goes through a HUD-certified housing counselor is doubly underwritten, with a clear understanding of the true risk of each individual borrower. Housing counselors do not start the conversation with rates or features of a mortgage product; instead, they start by building a client's financial profile in order to determine an individual's readiness to borrow. Only after reviewing income, credit, savings, and family expenses in a structured way will the counselor recommend client preparedness. We believe that a borrower who has completed this process is less at risk of default, and research that I'll highlight later confirms this.

The foreclosure crisis presented a different challenge for lenders who were ill prepared to manage the ever-growing number of defaults. Loan servicers were faced with a collapsing housing market, and thousands of borrowers had to contend with not only their underwater mortgages but also higher rates of unemployment or underemployment. The housing counseling community responded by offering other avenues for distressed borrowers to obtain relief. For instance, counselors very early in the crisis raised concerns of nonfunctioning and inadequate modification programs and also helped educate clients about emerging federal and private modification plans. Many worked to provide servicers with assessments of their clients' financial capability to qualify them for programs that would best keep them in their homes whenever possible. One example of ways counselors helped distressed borrowers was through an active effort to distill information regarding common programs like HAMP and HARP or other private label programs. Many clients were confused, did not know if they could qualify, or were even unaware of available programs.

While the role of the counselor is ultimately to find optimal solutions for clients in times of need, the scale of the crisis and an initial reluctance from servicers to incorporate housing counselors

into the modification process limited the reach of counseling at a time when foreclosures peaked. Insufficient resources to support counseling further exacerbated this shortcoming. As the number of foreclosures decline, however, and the market shifts back toward homeownership, the role of housing counselors in determining a borrower's readiness for a mortgage will be ever more critical.

Evidence that counseling helps borrowers continues to mount, though there is the limiting factor of the difficulty in having to identify loans held by a borrower receiving homebuyer education, pre-purchase counseling, or both. In addition to the anecdotal evidence I have provided, there is considerable research demonstrating the extent to which housing counseling works. Whether the consumer is a first-time homebuyer navigating the pitfalls of predatory lending or a distressed homeowner trying to stay in their home, housing counseling produces noticeably better outcomes. For example, a 2013 study measuring the impact of pre-purchase counseling and education provided by the NeighborWorks housing counseling network on 75,000 loans originated between October 2007 and September 2009 found that borrowers with pre-purchase counseling and education were one-third less likely to be over 90 days delinquent than those who did not receive counseling.⁶

Similarly, a 2012 NeighborWorks report to Congress showed that homeowners who received National Foreclosure Mitigation Counseling (NFMC) were nearly twice as likely to obtain a mortgage modification than those who did not receive this counseling. Moreover, NFMC clients who modified their mortgages were at least 67% more likely to remain current on their mortgage nine months after this modification. Through counseling efforts, the report estimated that local governments, lenders, and homeowners saved roughly \$920 million in 2008 and 2009.⁷

Several other studies all conclude that access to pre-purchase counseling lowered delinquency rates, prevented the likelihood of foreclosure (in part through greater education about subprime loans), and had long-term economic benefits on a family's ability to manage future household economic shocks.

IV. Access and Affordability

After decades of working to help low-income Latino families become homebuyers, I have a few observations on the importance of preserving access and affordability for low- and moderate-income families, as well as protecting a duty to serve.

As I discussed, there remains a prevalent narrative that blames the foreclosure crisis on the affordability goals and mandated duty to serve in the Community Reinvestment Act. Yet this narrative is not borne out by existing research. A number of studies have established no causal connection between duty to serve and the housing crisis, including the Financial Crisis Inquiry

⁶ Neil Mayer and Kenneth Temkin, *Pre-Purchase Counseling Impacts on Mortgage Performance: Empirical Analysis of NeighborWorks® America's Experience*.

⁷ Neil Mayer, Peter A. Tatian, Kenneth Temkin, and Charles A. Calhoun, *National Foreclosure Mitigation Counseling Program Evaluation: Preliminary Analysis of Program Effects* (Washington, DC: Urban Institute, 2010).

Commission's report which found that the cause of the crisis flowed from a regulatory failure.⁸ Similarly, a 2012 independent study published through the Research Division of the Federal Reserve Bank of St. Louis found no evidence that affordable housing mandates of the GSEs played a role in the crisis.⁹

These findings are critical because without an obligation to serve all markets, communities of color in particular will find it extremely difficult to access mortgage credit. Without a duty to serve, private capital will gravitate to the cream of the crop: those with traditional borrowing profiles. This will result in an unsustainable housing finance market where creditworthy but lower-wealth and lower-income buyers, especially minorities, will be underserved. This is already evident today; the private market overwhelmingly caters to traditional borrowers in well-served locations.¹⁰

This trend does not just harm borrowers in minority communities, but rather the whole housing sector. Although Hispanics and Blacks are already significant segments of the housing market, they are projected to be an even larger portion of the market over the next 10–20 years. According to the Joint Center for Housing Studies at Harvard, minorities will account for 70% of net new households over this period and 33% of all households by 2020. These households will be younger than traditional borrowers and will likely have lower incomes and less credit history. These new borrowers will therefore need access to affordable housing credit to become homeowners. Without affordable access to credit for these prospective buyers, there will be a large supply of housing stock left unsold, leading to decreasing prices and wealth. As a result, the retirement prospects of many Americans depending on income from the sale of their homes will be threatened.¹¹

Similarly, when it comes to underwriting, there has been an overcorrection in underwriting standards. Although it has been widely acknowledged that tightening the so-called credit box was necessary to prevent harmful products, such as low documentation loans, from being marketed to consumers, today the credit box remains overly restrictive. The majority of loans to low- and moderate-income families since 2007 have been FHA or GSE-backed loans due to lack of private capital. Since 2009, the typical GSE-issued loans have a loan-to-value ratio under 80% with FICO scores over 760. This is indicative of the trend I spoke to earlier in which those with traditional credit profiles are being served. Moreover, FHA loans have become more expensive and harder to obtain in minority communities. The result of these factors taken together is that many creditworthy minority borrowers are effectively barred from participating in today's housing market. Any housing finance legislation must not include provisions that

⁸ Financial Crisis Inquiry Commission. 2011. "Financial Crisis Inquiry Report: Final Report of the National Commission on the Causes of the Financial and Economic Crisis in the United States." http://fcic-static.law.stanford.edu/cdn_media/fcic-reports/fcic_final_report_full.pdf. Accessed on October 25, 2013.

⁹ Hernandez-Murillo, Andra C. Ghent, and Michael T. Owyang. 2012. "Did Affordable Housing Legislation Contribute to the Subprime Securities Boom?" Federal Reserve Bank of St. Louis Working Paper Series, No. 2012-005B. <http://research.stlouisfed.org/wp/2012/2012-005.pdf>. Accessed on October 25, 2013.

¹⁰ Bhutta, Neil, and Glenn B. Canner. 2013. "Mortgage Market Conditions and Borrower Outcomes: Evidence from the 2012 HMDA Data and Matched HMDA–Credit Record Data," *Federal Reserve Bulletin* (Forthcoming). http://www.federalreserve.gov/pubs/bulletin/2013/pdf/2012_HMDA.pdf. Accessed on October 25, 2013.

¹¹ Joint Center for Housing Studies of Harvard University. 2013. "The State's of the Nation's Housing," Harvard University. <http://www.jchs.harvard.edu/sites/jchs.harvard.edu/files/son2013.pdf>. Accessed on October 25, 2013.

exacerbate today's dire credit conditions for minorities. For instance, proposals to raise down payment requirements in a move to reduce mortgage lending risk would severely limit access to mortgage finance for future generations of creditworthy young households, with little to none of the desired reduction in systemic risk.¹²

V. Recommendations and Conclusion

As I have emphasized throughout my testimony, HUD-approved housing counselors have a proven track record of pairing consumers with an appropriate mortgage. Buyers working in tandem with a counselor are more likely to have lower mortgage delinquency rates,¹³ and in the event of foreclosure, are more likely to get a loan modification to prevent default.¹⁴ Thus, any housing finance proposal should encourage increased access to housing counseling. In an October 11, 2013 letter from the National Housing Resource Center to this Committee,¹⁵ there are three main principles that reform should address:

1. **Improve the effectiveness of HUD-approved housing counseling agencies by integrating housing counseling into the programs of the Federal Mortgage Insurance Corporation (FMIC), or other entity that replaces Fannie Mae and Freddie Mac.** Some options within this broad category would involve the inclusion of housing counseling data fields in the Uniform Mortgage Database; the inclusion of housing counseling as a risk reduction tool in evaluations by the Office of Underwriting; and the inclusion of housing counseling as an eligible activity in the Housing Trust Fund.
2. **Increase access and affordability in the mortgage market.** While there are a number of ways to do this within proposed legislation, the establishment of strong affordability requirements is paramount. Additionally, affordability and accessibility ought to be made explicit purposes, duties, and responsibilities of FMIC or any other entity replacing the GSEs. This entity ought to be required to approve originators. A distinct Market Access Fund, similarly, to address homeownership and rental housing for low- and moderate-income people would add value, as would a focus on programs to reach traditionally underserved markets. Finally, in support of this principle, legislators should not mandate down payment requirements in underwriting standards.
3. **Incorporate measures to help homeowners at risk of default recover and return to timely payment or exit gracefully, and to improve mortgage-servicing standards.** To achieve this end, services ought to be required to work with and support HUD-approved housing counseling agencies; homeowners should be provided with access to all loss mitigation options; and servicers must be required to stop improper servicing practices such as dual tracking.

¹² Joint Center for Housing Studies of Harvard University, *The State of the Nation's Housing 2013* (Cambridge, MA: President and Fellows of Harvard College, 2013),

<http://www.jchs.harvard.edu/sites/jchs.harvard.edu/files/son2013.pdf> (accessed October 25, 2013).

¹³ Neil Mayer and Kenneth Temkin, *Pre-Purchase Counseling Impacts*.

¹⁴ Neil Mayer, Peter A. Tatian, Kenneth Temkin, and Charles A. Calhoun, *National Foreclosure Mitigation Counseling Program Evaluation*.

¹⁵ The National Housing Resource Center is a 501(c)(3) organization that advocates for the nonprofit housing counseling community, as well as for housing consumers, for communities of color, for the elderly, and for underserved populations. NCLR is a board member of the organization. More information is available on www.hsgcenter.org.

The letter offers additional specifications on each of these pillars.

My testimony this morning was designed to examine the effectiveness of pre- and post-purchase housing counseling and its proven record in helping low- and moderate-income families, particularly in underserved and hard-to-serve communities, stay in their homes. As I have emphasized throughout, NCLR's on-the-ground experience and research show that housing counseling services help homebuyers avoid scams, particularly with mortgage modification schemes and predatory lending practices that frequently target precisely these communities. As legislation to overhaul our housing finance system moves forward, it is important to keep in mind the root causes of the crisis and understand that housing counseling is a critical buttress against these.

Thank you again for the opportunity to appear before this Committee. I would be glad to answer any additional questions you may have.