

U.S. Department of Housing and Urban Development Housing Counseling Federal Advisory Committee Public Meeting (Hybrid)

June 13, 2024, Meeting Minutes

Meeting time: 03:25:11

The Housing Counseling Federal Advisory Committee ("HCFAC") of the U.S. Department of Housing and Urban Development convened a public meeting from 1:00pm-4:30pm EDT on Thursday, June 13, 2024. The HCFAC met virtually via Zoom. Public attendees included 302 registered webcast attendees, 97 attended the webcast virtually.

HCFAC Members Present:

- Angie Liou
- Carol Ann Dujanovich
- Richard Verrillo
- Ibijoke Akinbowale
- Lawrence Batiste
- Bill Sevilla
- Paul Yorkis
- Sherri Eckles
- Anthony Walters

HUD Presenters:

- David Berenbaum - Deputy Assistant Secretary, Office of Housing Counseling
- Virginia Holman - Designated Federal Official, Office of Housing Counseling

Panelist Presenters:

- Nate Roth, Senior Advisor, Property Appraisal and Valuation Equity Task Force, HUD Fair Housing and Equal Opportunity (FHEO)
- David Sanchez, Special Policy Advisor, Office of Housing
- Lawrence Batiste, HCFAC Member, Chairman of National Association of Real Estate Brokers (NAREB)
- Bryan Greene, Vice President of Policy Advocacy National Association of Realtors (NAR)
- Ellie Pepper, Deputy Director, National Housing Resource Center
- Dr. Courtney Johnson Rose, National President of National Association of Real Estate Brokers
- Jason Riveiro, Executive Director and Chief Operating Officer National Association of Hispanic Real Estate Professionals (NAHREP)
- Alisha Sears, Director, Regulatory Counsel, Mortgage Bankers Association
- David Valdez, Senior Housing Program Specialist, Office of Policy and Grant Administration
- Tony Walters, HCFAC Member
- Sharon Vogel ED, Cheyenne River Housing Authority
- Taylor Kunz, Acting Deputy Director of ONAP's Office of Loan Guarantee

U.S. Department of Housing and Urban Development Housing Counseling Federal Advisory Committee Public Meeting (Hybrid)

June 13, 2024, Meeting Minutes

Meeting time: 03:25:11

Opening of the HCFAC Meeting

Summary: Virginia Holman called the meeting to order and announced that a quorum was met. Ms. Holman announced the topics of discussion as she briefly went over the agenda. David Berenbaum welcomed guests and speakers and announced the OHC updates.

Virginia Holman: Welcome to today's very important meeting of the Housing Counseling Federal Advisory Committee. Just a couple of housekeeping tasks again we have confirmation of a quorum. The agenda includes updates on OHC activities and PAVE, discussions on the role of housing counselors in educating consumers about real estate commissions, and strategies for enhancing housing counseling services in tribal communities. Additionally, the meeting covers the newly published tribal rule, insights from practitioners on tribal housing counseling, and a discussion by the Office of Native American Programs. The meeting will conclude with a public comment period. Attendees are reminded that the full agenda can be downloaded from the Resources tab. Thank you again for joining us point I will now turn it over to David Berenbaum.

Office of Housing Counseling Updates – By David Berenbaum - Deputy Assistant Secretary, Office of Housing Counseling

Summary: Mr. Berenbaum gave updates on the day's agenda. He covered updates on counseling initiatives, on presentations from the PAVE Task Force addressing property appraisal equity, as well as discussions on housing counselors' roles in educating consumers about real estate commissions. Key announcements include substantial grants for counselor training, a new \$10 million initiative to reduce the racial wealth gap in homeownership, and proposed enhancements to counseling methods through virtual platforms. These efforts underscore HUD's commitment to advancing housing counseling and empowering communities nationwide.

David Berenbaum: Thank you, Ginger, and good afternoon, everyone. Welcome to the United States Department of Housing and Urban Development, Office of Housing Counseling, Housing Counseling Federal Advisory Committee Meeting of June 13, 2024. I'd like to welcome committee members, virtual attendees, and those registered for public comment. We are pleased to convene this meeting during National Homeownership Month, a time to highlight our leadership and commitment to helping Americans achieve homeownership and access affordable housing in a discrimination-free marketplace. The mission of the Office of Housing Counseling is to help families obtain, sustain, and retain their homes through a network of HUD-approved counseling agencies and HUD-certified counselors who serve over 1 million consumers annually. The Housing Counseling Federal Advisory Committee, mandated by Congress, advises HUD on its Housing Counseling Program, providing a forum for direct advice to the Deputy Assistant Secretary. All meetings are public.

Today's agenda includes updates on Office of Housing Counseling initiatives, a presentation on the interagency task force on property appraisal and valuation equity (PAVE), and a discussion on housing counselors' roles in educating consumers about real estate commissions, facilitated by Committee Member Lawrence Batiste. Expert speakers from various national real estate and mortgage associations will participate. Additionally, there will be presentations on housing counseling in tribal communities,

U.S. Department of Housing and Urban Development Housing Counseling Federal Advisory Committee Public Meeting (Hybrid)

June 13, 2024, Meeting Minutes

Meeting time: 03:25:11

including updates on tribal counselor certification and the Section 184 Indian Housing Loan Guarantee Program. Committee Member Tony Walters will lead this discussion. The goal is to enhance services for Native American communities and ensure the success of our housing counseling programs.

The meeting will include an open forum for committee members, a public comment period, and discussions on next steps. Significant updates include the awarding of \$2.75 million in grants for housing counselor training and education and a \$40 million grant announced by Vice President Kamala Harris and HUD Acting Secretary Adrienne Todman to expand housing counseling services. Moreover, a new \$10 million homeownership initiative grant program was launched to help close the racial wealth gap and support diverse market populations. Also, the Office of Housing Counseling Grant Review Team has completed their evaluations, and grant awards will be announced soon during National Homeownership Month. Now, I will provide updates on our major program priorities. In 2023, we launched the "Let's Make Home the Goal" campaign to raise awareness about pre-purchase housing counseling and the role of housing counselors, particularly targeting communities of color that face systemic barriers in the home buying process. Last year, the campaign reached over 5 million prospective homebuyers in 15 diverse and affordable metropolitan areas. In fiscal year 2024, the campaign will expand to over 40 metropolitan areas, aiming to reach over 8 million consumers through paid media on digital platforms, podcasts, streaming audio, and strategic partnerships. Additionally, we have held six regional meetings in Chicago, Atlanta, New York, Seattle, Boston, and Columbus, Ohio, with over 1,200 participants to provide networking, training, and resources to housing counseling agencies. Our final meeting for the year will be in Houston. We have also issued the Tribal Housing Counseling Certification Rule, a key milestone resulting from the Dodd-Frank legislation, to better serve tribal communities. HUD has proposed a rule to allow housing counseling agencies to use alternative communication methods, including virtual meetings and telephonic counseling, to reflect technological advancements and client preferences. The proposed rule, which reinforces existing safeguards for service quality, is expected to be finalized this summer.

Furthermore, HUD will host its annual Virtual Conference from September 12th to 14th, with the theme "Promoting Community Driving Change." The conference will cover various topics, including the Housing Choice Voucher Program, disaster relief, and mental health for housing counselors. We expect over 4,000 practitioners and partners to join. The HUD Office of Housing Counseling Federal Advisory Committee is also seeking nominations for 11 open committee seats, with applications due by July 15, 2024. This busy period reflects our commitment to advancing housing counseling and meeting consumer needs. Now, we will move on to our first discussion about the activities and impact of the PAVE Task Force, introduced by Nate Roth, Senior Advisor to the PAVE Task Force.

Update on PAVE and Housing Counseling

Nate Roth Senior Advisor, Property Appraisal and Valuation Equity Task Force, HUD Fair Housing and Equal Opportunity (FHEO) and David Sanchez, Special Policy Advisor, Office of Housing

Summary: David Sanchez, a Policy Advisor in HUD's Office of Housing, discussed the Biden-Harris administration and HUD Secretary Marcia Fudge's focus on addressing appraisal bias and property

U.S. Department of Housing and Urban Development Housing Counseling Federal Advisory Committee Public Meeting (Hybrid)

June 13, 2024, Meeting Minutes

Meeting time: 03:25:11

valuation equity, identified as central concerns in ensuring a fair housing market and equitable wealth distribution. As part of the PAVE Task Force, HUD is taking various actions to combat appraisal bias, enhance oversight, and empower consumers during the appraisal process. Notably, FHA and HUD have developed policies, including procedures for borrowers to request a reconsideration of value on their appraisals. David highlighted the ongoing efforts to rectify historical devaluation of properties in marginalized communities, emphasizing the role of PAVE in implementing 46 action items to promote equity in property valuation.

Nate Roth: Thank you David, You're right. So much is going on. And its all really great work and it's really wonderful to be with you all today as your Fair Housing Partners in the work that you all do. With me today is David Sanchez who I will turn this over to, to kick us off.

David Sanchez: Hello everyone, I am delighted to be here. I am a policy advisor in HUD's Office of Housing, but also the Federal Housing Administration. Today, I want to talk about how these two entities work together. Early in 2021, under the newly empowered Biden-Harris administration and with HUD Secretary Marcia Fudge, we identified appraisal bias and property valuation equity as key issues. These are crucial not only for the fairness of the housing market but also for ensuring that the benefits of homeownership are more equitably distributed. HUD, as a leader and member of the PAVE Task Force, has been implementing various actions to combat appraisal bias, strengthen oversight of the appraisal industry, and empower consumers in the appraisal process. I'm particularly proud of a policy we've developed that gives borrowers clearer procedures to request a reconsideration of their appraisal value.

The PAVE Initiative was launched three years ago to address the legacy of disinvestment in marginalized communities and to combat issues like redlining and housing discrimination. Despite the Federal Fair Housing Act being in place for 56 years, Black homeownership rates are still lower than they were in 1968. The appraisal industry remains the least diverse in the nation. We're working on 46 action items to address these disparities and create more equitable opportunities for homeownership.

Nate Roth: I'd like to jump in and tag team here. We understand that many of you may be familiar with these issues. Earlier, I mentioned the regional meetings organized by our office, where we've had deep conversations with housing counselors and advocates for Fair Housing about PAVE, property appraisal, and valuation equity. For those who haven't been part of these discussions, PAVE addresses a longstanding legacy of community disinvestment, tackling issues like redlining, blockbusting, and broader housing discrimination. The core idea is simple: when people are undervalued, their properties suffer the same fate, depriving them of opportunities to build wealth across generations. Three years ago, the PAVE Initiative was launched with a comprehensive plan of 46 actionable items aimed at real policy changes to benefit the communities we serve. We deeply value your collaboration in advancing these efforts locally and statewide. Moving forward, it's crucial to recognize that despite 56 years of the Federal Fair Housing Act, homeownership rates among Black individuals today remain lower than in 1968. This slide shows stark statistics on homeownership rates among different racial groups and highlights significant disparities in appraisal values versus contract prices. Additionally, it underscores the lack of diversity in the appraisal industry, which according to the Bureau of Labor Statistics, is the least diverse sector

U.S. Department of Housing and Urban Development Housing Counseling Federal Advisory Committee Public Meeting (Hybrid)

June 13, 2024, Meeting Minutes

Meeting time: 03:25:11

nationally. In the next slide, I'll pass it back to David Sanchez to discuss the specific actions we're undertaking to address these challenges head-on.

David Sanchez: As Nate discussed earlier, the PAVE initiative, spearheaded by several federal agencies, unveiled a comprehensive action plan in March 2022 comprising 46 concrete actions aimed at addressing bias and promoting equity in property valuation. These actions are grouped into six key themes: making the appraisal industry more accountable, empowering consumers with information, ensuring unbiased technology-based alternatives, cultivating a diverse appraiser profession, coordinating enforcement, and leveraging federal data for informed policy decisions. My focus today is on the reconsideration of value policy under theme two, which aims to empower borrowers within the FHA program to challenge appraisals they believe are inaccurate or biased. Historically underutilized due to lack of awareness and inconsistent practices, we received valuable feedback during the policy drafting phase, emphasizing the need for clear guidelines and industry-wide standardization. On May 1st, FHA, along with Fannie Mae and Freddie Mac, announced aligned reconsideration of value policies that cover over half of the single-family originations market. These policies mandate lenders to disclose how borrowers can request a reconsideration of value at both loan application and appraisal delivery stages. They also outline protocols for borrower-appraiser communication and establish criteria for submitting evidence supporting a reconsideration request. Notably, the policy limits borrowers to one initial request, with the option for a second if a new appraisal is ordered. Lenders are tasked with ensuring transparency and quality in these interactions, supported by updated training and quality control requirements effective September 2024. This initiative is designed to empower borrowers and enhance accountability across the appraisal process, and I encourage your engagement and support in ensuring homeowners can effectively utilize these rights.

Nate Roth: Thank you so much David, so on the next few slides, we've developed several tools and resources aimed at fulfilling David Sanchez's vision of educating consumers. First off, in collaboration with the Office of Housing Counseling, we launched a series a year ago specifically addressing what housing counselors need to know about appraisal bias. If you scan the QR code on the next slide, you'll access a comprehensive learning pathway designed to help both counselors and consumers understand racial bias in appraisals. This includes about five hours of video content featuring personal accounts of bias, insights from former government officials, and practical guidance on navigating appraisal documents and comparable. We're also planning updates to include information on the new Reconsideration of Value (ROV) process David mentioned.

Moving to the subsequent slide, you'll find information about our National Fair Housing Training Academy (NAFTA) forums, upcoming events that delve into emerging policies and issues related to appraisal bias. Scanning the QR code here will provide details on how to attend these forums, which are crucial for staying informed and engaged with ongoing developments in the field. Lastly, we emphasize the importance of spreading awareness about these policies. Education efforts must extend to partnerships with lenders, community organizations, faith-based groups, housing counselors, fair housing advocates, and real estate agencies. It's crucial to connect these dots and ensure everyone understands how these new processes can impact them, whether they're buying a home, refinancing, or exploring investment opportunities like multifamily properties. This comprehensive approach is key to unlocking generational wealth-building opportunities and ensuring equity in homeownership. We're also

U.S. Department of Housing and Urban Development Housing Counseling Federal Advisory Committee Public Meeting (Hybrid)

June 13, 2024, Meeting Minutes

Meeting time: 03:25:11

committed to transforming the appraisal workforce by diversifying it. Funding initiatives from the appraisal subcommittee are supporting states in creating pathways for a more inclusive appraiser pool. For instance, Mississippi recently graduated 17 new diverse appraisers, a step towards eliminating bias and expanding opportunities.

Furthermore, leveraging aggregated data released by the Federal Housing Finance Agency allows us to analyze disparities between appraisals and contract sales prices across different states and counties. This data-driven approach helps us identify and address systemic issues, reinforcing our collective efforts to foster fair and equitable housing practices nationwide. For more information and to get involved, please visit pave.hud.gov. This site serves as a hub for resources, updates, and opportunities to contribute to our ongoing efforts toward equity in property appraisal and valuation. Thank you for your dedication and partnership in this critical endeavor.

David Berenbaum: It seems clear to me that addressing this issue will require continued collaboration between the public and private sectors, given its complexity. I commend the efforts of the Appraisal Institute and other associations for their commitment to supporting this initiative, which has already shown significant impact over the past two years. While we can only provide a brief update today, I encourage everyone to engage further with our colleagues from the Office of Single-Family Housing and FHEO moving forward. For those interested, please explore the webinars on fair housing and fair valuation available on the Hud Exchange. Additionally, I want to highlight our ongoing efforts to incorporate fair housing and fair valuation into HUD's housing counselor certification exams and training materials. With that, let's proceed with our agenda. Thank you, everyone. Now, we'll focus on an important issue in today's housing counseling and real estate landscape—the recent settlement involving broker fees by the National Association of Realtors. We have an esteemed panel joining us today, and I encourage all panelists to activate their cameras for this session. Lawrence Batiste, a seasoned real estate professional and advocate, will lead this discussion. Lawrence, over to you.

The Housing Counselors' Role in Educating Consumers About Real Estate Commissions

Summary: Today's discussion centered on the impact of real estate commissions on housing consumers, emphasizing transparency and the evolving role of housing counselors. With recent changes due to the NAR settlement, clarity on commission structures has become crucial, potentially increasing costs for buyers who now need to negotiate agent fees directly. Housing counselors were highlighted for their role in educating consumers about these changes and fostering collaboration with real estate professionals to ensure informed decision-making. Moving forward, there's a strong emphasis on transparency, independent representation, and fair housing protections to empower consumers in the real estate market.

Introductory remarks. Lawrence Batiste, HCFAC Member, Chairman of National Association of Real Estate Brokers (NAREB)

U.S. Department of Housing and Urban Development Housing Counseling Federal Advisory Committee Public Meeting (Hybrid)

June 13, 2024, Meeting Minutes

Meeting time: 03:25:11

Lawrence Batiste: Good morning, everyone, and thank you for being here today. It's truly a pleasure to join you all alongside the members of the Federal Advisory Committee. Today, we're diving into a critical topic: real estate commissions and their impact on housing consumers. This subject often causes confusion among home buyers and sellers, which can lead to mistrust and financial uncertainties. Given recent discussions and lawsuits around real estate commissions, it's clear there's a pressing need to address disparities, especially for minority communities seeking affordable housing.

Housing counselors play a pivotal role in educating consumers about these complexities. They bridge the gap by providing essential education and advocacy, ensuring transparency in real estate transactions. When consumers understand how real estate commissions influence their costs, they can make informed decisions, empowering themselves in the home buying and selling process.

Transparency is key. By shedding light on real estate commissions, we can build trust and confidence in the housing market. Today's panel of experts will share insights on how we can better educate consumers, ensuring they are aware of their rights under Fair Housing laws. I'm confident our discussion will provide valuable information and ignite meaningful steps towards enhancing consumer understanding. Before we begin, I'd like to introduce our National Association of REALTORS Fair Housing champion, Mr. Paul Yorkis, who will share his insights with us. Paul, over to you.

Paul Yorkis: Thank you, Lawrence, for the opportunity to contribute to this discussion. The landscape around licensee compensation, whether representing buyers or sellers, is evolving rapidly. It's crucial for housing counselors and consumers alike to ensure clarity on representation and payment terms. Each agreement between a licensee and consumer is negotiable and should be documented in writing to avoid misunderstandings. I strongly advise consulting with industry professionals or organizations like the National Association of Realtors for the latest updates. For instance, the recent policy change by the Department of Veterans Affairs allowing veterans to hire and compensate an agent marks a significant positive shift. However, it's important to remain informed as regulations continue to evolve towards the August 17 deadline. Thank you again, Lawrence.

Lawrence Batiste: Thank you very much, Paul. At this point in time, I'd like to introduce the panel. The panel begins with Bryan Greene, National Association of Realtors, then Miss Ellie Pepper with NHRC, Dr. Courtney Johnson Rose, National Association of Real Estate Brokers, Jason Riveiro of NAHREP and Alicia Sears MBA. At this point in time, I'm going to ask for Mr. Bryan to present.

Bryan Greene, Vice President of Policy Advocacy National Association of Realtors (NAR)

Bryan Greene: Thank you, Lawrence, and to our esteemed panel. Given the complexity, I'll be concise yet thorough. Recently, the National Association of Realtors (NAR) was embroiled in an antitrust lawsuit initiated by sellers, who contested the practice of listing agents offering compensation to buyer's agents

U.S. Department of Housing and Urban Development Housing Counseling Federal Advisory Committee Public Meeting (Hybrid)

June 13, 2024, Meeting Minutes

Meeting time: 03:25:11

via the Multiple Listing Service (MLS). As defendants, NAR reached a settlement to discontinue this practice, marking a significant shift in how buyer's agent compensation is handled. Previously, agents could view compensation offers on the MLS, simplifying transactions. Now, agents and buyers must directly ascertain whether the seller's listing agent will cover the buyer's agent's fees. This information can no longer be posted on the MLS but can be obtained through alternative channels such as direct communication, brokerage websites, or other platforms. Moreover, the settlement mandates that buyers and their brokers sign Buyers Representation Agreements upfront. These agreements outline the agent's responsibilities, confirm the agent's representation of the buyer, and specify the commission structure. It's crucial for buyers to clarify whether they will pay their agent out of pocket or rely on the seller's agent to cover these costs. This shift introduces a new landscape in real estate transactions, where transparency is paramount but may also lead to increased costs for buyers who previously benefited from seller-paid commissions. Negotiating who pays agent fees upfront has become essential, and buyers now have the opportunity, even during purchase offers, to discuss and potentially negotiate fee responsibilities with the seller. Navigating these changes requires careful consideration and informed decision-making. Working closely with a housing counselor can provide invaluable guidance in understanding these complexities and determining the financial implications of different fee arrangements. Thus, while transparency has improved, the new real estate landscape demands proactive engagement from consumers to ensure they understand and manage the costs associated with buyer's representation in real estate transactions.

Lawrence Batiste: Thank you, I'd like to now turn it over to Miss Ellie Pepper.

Ellie Pepper, Deputy Director, National Housing Resource Center

Ellie Pepper: Good afternoon, everyone. I'm Ellie Pepper, Deputy Director at the National Housing Resource Center (NHRC). Today, I'm grateful for the opportunity to discuss how the National Association of Realtors (NAR) settlement will impact housing counselors and their clients. At NHRC, we advocate for HUD-approved housing counseling agencies nationwide. The NAR settlement, once fully approved, will bring significant changes that may initially cause confusion. However, I firmly believe that housing counselors will play a crucial role in helping consumers, especially first-time homebuyers, navigate through these changes. Historically, Americans have paid some of the highest real estate commissions globally, averaging around five to six percent. The NAR mandated that brokers listing on the Multiple Listing Service (MLS) include compensation offers to buyer brokers, traditionally paid by sellers. Now, with greater transparency mandated by the settlement, increased competition could potentially lead to lower commissions and overall home buying costs. Buyers will need to understand their negotiating power and its implications more than ever. If they choose to hire a real estate agent, having a signed contract before touring homes will be essential. This is where housing counselors will be instrumental, helping buyers comprehend these contracts, which vary significantly across states. There has been historical tension between housing counselors and real estate agents. Agents often focus on higher commissions and home prices, whereas housing counselors prioritize the best outcomes for consumers, regardless of financial gain. Collaboration between counselors and local agents is crucial to ensure buyers receive comprehensive information and education. As we move forward, housing counseling agencies should consider joining NHRC to support our advocacy work. We're committed to updating our

U.S. Department of Housing and Urban Development Housing Counseling Federal Advisory Committee Public Meeting (Hybrid)

June 13, 2024, Meeting Minutes

Meeting time: 03:25:11

education curricula to reflect these changes and to educate both buyers and sellers on how the NAR settlement may impact them. Thank you all for your attention. Please refer to the provided resource links to learn more about NHRC and the NAR settlement.

Lawrence Batiste: Thank you so much, Ellie, I appreciate that. At this point in time, we're going to have Dr. Courtney Johnson Rose, of the National Association of Real Estate Brokers President to come forward to speak.

Dr. Courtney Johnson Rose, National President of National Association of Real Estate Brokers

Dr. Courtney Johnson Rose: Good afternoon, everyone. I'm Ellie Pepper, speaking on behalf of the National Association of Real Estate Brokers (NAREB), and I want to express our gratitude for the opportunity to participate in today's panel discussion. Let me begin by providing a brief overview of NAREB's history and our mission. Established in 1947, NAREB is one of the oldest minority trade associations in the United States. Our members, known as realists, are dedicated to promoting democracy in housing and have been pivotal in facilitating homeownership within the Black community. Our concern, particularly in light of the recent NAR settlement, revolves around its potential impact on both our members and consumers, especially within the Black community where homeownership rates lag behind the national average. Historically, real estate commissions in the U.S. have been among the highest globally, averaging five to six percent. The NAR's mandate that listing brokers on the Multiple Listing Service (MLS) include offers of compensation to buyer brokers has been a standard practice, largely borne by sellers. Moving forward, transparency mandated by the settlement may lead to increased competition and potentially lower commissions, which could benefit buyers. However, there are concerns within our community regarding the potential unintended consequences. We fear that practices like pocket listings—where properties are not listed on the MLS—could reduce transparency and lead to discriminatory practices, such as selective commission payments based on factors like down payment assistance. To address these concerns proactively, NAREB is developing a realist toolkit for our members. This toolkit will provide scripts, template documents, and fair housing resources to equip our real estate professionals, many of whom operate independent brokerages, with the tools needed to effectively communicate their value proposition. Additionally, our ongoing "Building Black Wealth Tour" is a cornerstone initiative designed to empower Black communities across the nation through education and outreach on homeownership. This tour, which has been recognized by the White House, engages with local partners like churches, sororities, and community organizations to promote homeownership opportunities and provide housing counseling. Looking ahead, NAREB has established a special task force comprising diverse brokers from across the country. This task force is dedicated to studying the potential impacts of the NAR settlement, advising on strategies to support our members, and ensuring that the settlement does not hinder our mission to increase Black homeownership. In conclusion, NAREB remains committed to advocating for our members and the communities they serve. We believe that by staying proactive and informed, we can mitigate any negative impacts of the settlement and continue to empower Black consumers through informed homeownership decisions. Thank you once again for the opportunity to contribute to this important discussion on behalf of the National Association of Real Estate Brokers.

U.S. Department of Housing and Urban Development Housing Counseling Federal Advisory Committee Public Meeting (Hybrid)

June 13, 2024, Meeting Minutes

Meeting time: 03:25:11

Lawrence Batiste: Thank you so much ma'am we Appreciate it. At this point in time, we're going to have Jason Riveiro from the for NAHREP.

Jason Riveiro, Executive Director and Chief Operating Officer National Association of Hispanic Real Estate Professionals (NAHREP)

Jason Riveiro: Good afternoon, everyone. I'm grateful for the opportunity to join this distinguished panel today. Thank you to Bryan, Dr. Courtney, and David for organizing this important discussion. I want to start by addressing some key points that I believe are crucial for our conversation. At NAHREP, our mission is fundamentally consumer-facing, despite the fact that many of our members are real estate practitioners. Our primary goal is to sustain Hispanic homeownership, ensuring that consumers have access to fair and transparent real estate transactions. This context is essential as we delve into the complexities surrounding the recent NAR settlement. There has been a significant amount of misinformation circulating, particularly regarding real estate commissions inflating home prices. It's important to recognize that traditional economic indicators, such as interest rates, have not led to a corresponding decrease in home prices as expected. This underscores the multifaceted nature of the issue we're discussing today. International comparisons often highlight lower real estate commissions in countries like Australia. However, these figures do not account for additional upfront costs consumers incur in those markets. In contrast, the United States boasts a robust system where MLS provides clear transparency on property listings, ensuring equitable access for all buyers and sellers. One critical concern moving forward is the potential for income-based discrimination in real estate transactions. As we anticipate changes resulting from the settlement, it's imperative that we uphold fair housing standards rigorously. Last year, the highest number of fair housing violations reported involved income-based discrimination, highlighting a pressing issue that demands our attention. In navigating these challenges, I propose three foundational principles: transparency, independent representation, and strengthened fair housing protections. Firstly, a transparent system, such as the NAR's 24-hour MLS listing rule, should be universally adopted to promote fairness and accessibility. Secondly, every participant in a real estate transaction should have their own independent representative, ensuring fiduciary responsibility and protecting their interests. This approach is crucial, especially for first-time homebuyers who rely on comprehensive guidance throughout the purchasing process. Lastly, we must prioritize the enforcement of fair housing laws more than ever before. This includes addressing income-based discrimination decisively to prevent disparities in access and treatment among homebuyers. In conclusion, these principles are essential to safeguarding the integrity of our real estate market while promoting equitable opportunities for all consumers, particularly those from historically underserved communities. I appreciate your attention to these critical issues, and I look forward to our discussion. Thank you.

Lawrence Batiste: Thank you, sir very informational. At this point in time going to ask, Ms. Sears to give her presentation, please.

Alisha Sears, Director, Regulatory Counsel, Mortgage Bankers Association

U.S. Department of Housing and Urban Development Housing Counseling Federal Advisory Committee Public Meeting (Hybrid)

June 13, 2024, Meeting Minutes

Meeting time: 03:25:11

Alisha Sears: Good afternoon, everyone. I'm grateful for the opportunity to join this distinguished panel today. Thank you to Bryan, Dr. Courtney, and David for organizing this important discussion. I want to start by addressing some key points that I believe are crucial for our conversation. At NAHREP, our mission is fundamentally consumer-facing, despite the fact that many of our members are real estate practitioners. Our primary goal is to sustain Hispanic homeownership, ensuring that consumers have access to fair and transparent real estate transactions. This context is essential as we delve into the complexities surrounding the recent NAR settlement. There has been a significant amount of misinformation circulating, particularly regarding real estate commissions inflating home prices. It's important to recognize that traditional economic indicators, such as interest rates, have not led to a corresponding decrease in home prices as expected. This underscores the multifaceted nature of the issue we're discussing today. International comparisons often highlight lower real estate commissions in countries like Australia. However, these figures do not account for additional upfront costs consumers incur in those markets. In contrast, the United States boasts a robust system where MLS provides clear transparency on property listings, ensuring equitable access for all buyers and sellers. One critical concern moving forward is the potential for income-based discrimination in real estate transactions. As we anticipate changes resulting from the settlement, it's imperative that we uphold fair housing standards rigorously. Last year, the highest number of fair housing violations reported involved income-based discrimination, highlighting a pressing issue that demands our attention. In navigating these challenges, I propose three foundational principles: transparency, independent representation, and strengthened fair housing protections. Firstly, a transparent system, such as the NAR's 24-hour MLS listing rule, should be universally adopted to promote fairness and accessibility. Secondly, every participant in a real estate transaction should have their own independent representative, ensuring fiduciary responsibility and protecting their interests. This approach is crucial, especially for first-time homebuyers who rely on comprehensive guidance throughout the purchasing process. Lastly, we must prioritize the enforcement of fair housing laws more than ever before. This includes addressing income-based discrimination decisively to prevent disparities in access and treatment among homebuyers. In conclusion, these principles are essential to safeguarding the integrity of our real estate market while promoting equitable opportunities for all consumers, particularly those from historically underserved communities. I appreciate your attention to these critical issues, and I look forward to our discussion. Thank you.

Lawrence Batiste: Thank you so much, and I want to tell each of the panelists, thank you very much for your insightful information. This has been really powerful, and I feel as we move forward there's going to be a lot of discussion and documentations of many natures that will have to be looked at and reviewed as we move through this process. What I'd like to do at this point in time is to ask a couple of quick questions and have you answer those and not take more than a minute or so when answering. Can each of you share some kind of effective educational activity that you see needs to come from this real estate commission, or in regard to the housing counselor, what would be the most effective way that you feel that housing counselors can assist consumers?

Bryan Greene: One important aspect I emphasized is the opportunity for housing counselors to familiarize themselves with the impacts of the settlement through our resource at FACTS.realtor. This platform offers comprehensive information that can help counselors navigate the changes effectively.

U.S. Department of Housing and Urban Development Housing Counseling Federal Advisory Committee Public Meeting (Hybrid)

June 13, 2024, Meeting Minutes

Meeting time: 03:25:11

Additionally, I invite feedback from this group on how NAR could improve the accessibility of this information for consumers. Given the complexity of the subject matter, simplifying it would benefit a broader audience. Furthermore, I highlighted our commitment to deepening engagement with housing counselors moving forward. We value their insights from the marketplace and aim to foster a dialogue where we can share our perspectives and initiatives while learning from their experiences.

Ellie Pepper: It's crucial for housing counselors to focus on the details of the contract in light of recent changes. Buyers now must have a signed agreement with their buyer broker before they can tour a property, which underscores the need for counselors to fully grasp the contract requirements in their respective states. This understanding enables them to effectively educate buyers on their negotiating opportunities and rights. I emphasized the importance of housing counselors being well-versed in the contract forms applicable in their states. This knowledge empowers counselors to guide consumers on how to navigate negotiations with their buyer brokers effectively. Moreover, I am excited about the prospect of closer collaboration between real estate agents, realtors, and housing counselors. Such partnerships can be incredibly beneficial since counselors often possess localized and national insights that agents may not have. This synergy can enhance the support provided to consumers throughout the homebuying process. Overall, fostering a strong and direct relationship between real estate professionals and housing counselors holds great promise for improving consumer education and advocacy within the real estate industry.

Lawrence Batiste: Collaboration is very important. Thank you, Ellie. I would like to ask, what specific changes do you see for Hispanic buyers faced in the understanding of the real estate commission and how do you see that being addressed?

Bryan Greene: To wrap up my remarks, I want to emphasize a couple of key points. Firstly, I believe it's crucial for everyone to recognize that there's a lot of misinformation circulating about the recent changes in real estate commissions. Some reports suggest that costs might decrease for buyers, but the consensus among many economists is quite different. The reality is that sellers, who price their homes based on market conditions and what buyers can afford, are unlikely to lower their prices simply because they're not paying a buyer's agent commission. As a result, buyers may find themselves needing to save more money to cover the costs of representation, which could become a new financial consideration in their homebuying journey. I underscored the importance of understanding this potential increase in costs, especially for first-time and first-generation homebuyers who often rely on guidance and support throughout the buying process. It's essential for consumers to grasp this shift and include it in their financial planning when preparing to enter the real estate market. Lastly, I welcomed further engagement and discussion on this topic. I provided my contact information, inviting anyone interested to reach out for more detailed information or clarification on how these changes might affect them personally. Clear communication and informed decision-making will be crucial as we navigate these evolving dynamics in the real estate industry.

Member Q&A – David Berenbaum - Deputy Assistant Secretary, Office of Housing Counseling

U.S. Department of Housing and Urban Development Housing Counseling Federal Advisory Committee Public Meeting (Hybrid)

June 13, 2024, Meeting Minutes

Meeting time: 03:25:11

David Berenbaum: Lawrence, I want to extend my gratitude to you and our panel of experts for facilitating this crucial discussion. Given the importance of our topic today, I'd like to open the floor for questions from our members. I understand we're running behind schedule, and unfortunately, some panelists had to depart early. However, it's essential that we dedicate sufficient time to this significant subject matter. I'd like to take a moment to share some exciting news from the Office of Housing Counseling. We're sponsoring an industry update focused on advancing homeownership education and refining best practice standards. It's a collaborative effort with all our industry partners to ensure these standards remain relevant and effective in today's landscape. As part of this initiative, I propose establishing a subcommittee within our committee. This subcommittee would specifically concentrate on housing counseling best practices, aiming to leverage Bryan's insights and the expertise of all our partners. The goal is to define a meaningful role for housing counselors as we navigate this evolving environment. I invite our members to join in creating this subcommittee and contributing recommendations to the Office of Housing Counseling. Angie, I see your hand raised first—please share your thoughts on this proposal.

Angie Liou: Thank you. I appreciate the panel's thorough discussion on the lawsuit and its aftermath. Two main concerns stood out for me. Firstly, the idea of negotiation may sound feasible, but many first-time homebuyers, especially from lower-income and minority communities, face a significant power imbalance. Sellers in high-demand markets often have multiple offers and may not agree to cover buyer commissions, impacting affordability. Secondly, understanding contracts poses a challenge, especially for limited English proficient speakers I work with. Translating legal documents is complex, and finding brokers fluent in their language is limited. This limits their ability to shop around for services. I believe creating funding or subsidies for commission payments for first-time buyers will be crucial to mitigate these disparities in housing access. Thank you.

David Berenbaum: Thank you Angie on making some very important points. I do want to note that in the chat Lawrence Batiste, Carol Ann Dujanovich, and Sherri Eckles have offered to be part of the subcommittee and support that. Let's now turn to Paul Yorkis, Ibijoke, and then Richard.

Paul Yorkis: Thank you, David. I'll be brief. I'm eager to join the subcommittee. Having worked with housing counseling agencies as a realtor for 22 years, I know firsthand the critical role they play for first-time homebuyers. I strongly encourage realtors who aren't already partnering with housing counselors to do so now. This collaboration is essential. Regarding the subcommittee, I suggest we examine federal guaranteeing agencies' policies to explore adjustments that could allow financing of commissions. This would alleviate financial burdens on first-time buyers already struggling to save for down payments. Thank you.

David Berenbaum: Thank you Paul, now on to Ibijoke.

U.S. Department of Housing and Urban Development Housing Counseling Federal Advisory Committee Public Meeting (Hybrid)

June 13, 2024, Meeting Minutes

Meeting time: 03:25:11

Ibijoke Akinbowale: Thank you. I'm fully supportive of the subcommittee idea and eager to join my colleagues in contributing. I agree with Bryan and Ellie's insights that we're entering a phase where the real impacts of this settlement will unfold in real time. There are many assumptions about how it will affect the market and consumer behavior, particularly in terms of negotiating costs and its potential impact on home ownership aspirations. It's crucial for us to monitor these developments closely once the terms come into effect in August. David, you raised an important point earlier about holding our partners accountable to maintain strong connections with housing counselors. This discussion highlighted the critical need for counselors to grasp contract details and provide vital language support. As the field evolves, so do the challenges and costs associated with housing counseling. This dynamic landscape underscores the importance of fair compensation considerations for agencies amidst their increasing workloads. Moreover, I believe this subcommittee and other forums could serve as platforms to ensure accountability as we observe how the settlement unfolds. There may be enforcement actions that counselors need to guide consumers through if things don't unfold as expected. Therefore, it's crucial for all stakeholders to continue working collaboratively with housing counseling organizations. They are on the front lines, directly assisting consumers and navigating these changes.

David Berenbaum: Thank you very much. I do want to note that the National Association of Realtors, Bryan and his colleagues have reached out to collaborate with the Office of Housing Counseling to develop appropriate responses, whether it be training or other responses, and we look forward to that ongoing discussion with each of our partners in the space to HUD, as well as to the housing counseling community. Richard, thank you. I saw your that you're stepping up to volunteer as is Daniel Garcia, our colleague, but please, Richard, take it away.

Richard Verrillo: Ibijoke touched on one of my concerns. I believe housing counselors can play a more significant role here, but I'm anxious about the funding for this. Currently, we're already grappling with funding issues for our services. With potentially more homeowners needing our assistance due to this settlement, will we find ourselves competing with realtors or their buyers for limited funds? If homeowners have only a small amount of funds available, will they choose to pay a housing counselor or their buyer representative? I'm concerned that we may face a substantial increase in the need for counseling services without the necessary funding to support it.

David Berenbaum: Thank you, Richard, for raising that point. I'm taking a broader view here in terms of expanding fee-for-service models in collaboration with the housing counseling community. Embedding this issue within a comprehensive pre-purchase framework seems like a holistic approach that the subcommittee can delve into. As we advance HUD's homeownership initiative, it's crucial to ensure appropriate compensation for pre- and post-purchase housing counseling. This consideration aligns well with our upcoming program announcements. I appreciate Ibijoke's willingness to join the subcommittee. Committee members will receive a follow-up to confirm participation. Subcommittees also provide an avenue to engage external stakeholders in our efforts. I look forward to hearing your additional recommendations in this regard. Given our time constraints, we'll need to move forward with the agenda. I want to express gratitude to all our subject matter experts for their contributions today. We will not take a 10-minute break. Please feel free to step away if needed. Let's transition to our next item: enhancing housing counseling delivery in tribal communities. I'm pleased to introduce David Valdez,

U.S. Department of Housing and Urban Development Housing Counseling Federal Advisory Committee Public Meeting (Hybrid)

June 13, 2024, Meeting Minutes

Meeting time: 03:25:11

Senior Housing Program Specialist from our Office of Policy and Grant Administration. David has been instrumental in our work with the Office of Native American Programs and has led tribal consultations and listening sessions nationwide. David will provide a brief update on the new tribal certification rule. David, over to you.

Augmenting the Delivery of Housing Counseling in Tribal Communities

Summary: The final rule has been published in the Federal Register, marking a significant milestone after a challenging but rewarding process. This rule emerged from three tribal consultations and six listening sessions with various stakeholders, addressing concerns about tribal sovereignty. It applies to counseling funded under the Indian Community Development Block Grant (ICDBG) and the Indian Housing Block Grant (IHBG) programs. Two certification paths have been established: traditional HUD certification and a tailored certification for tribal housing counselors. A four-year transition period will allow counselors to become certified, with stakeholder engagement critical to the development of exam content. The goal is to ensure transparency and preparation for all involved. Acknowledging this update, David Berenbaum introduced Tony Walters to lead a discussion on tribal needs and housing issues. Tony highlighted the demographic and housing challenges faced by Native Americans, emphasizing the need for tailored housing counseling and development initiatives. He provided an overview of the housing needs and challenges in tribal communities, stressing the importance of federal housing counseling programs that are sensitive to tribal needs and the significant role of tribally designated housing entities (TDHEs). Walters also highlighted the need for culturally sensitive homebuyer training programs and the involvement of Native Community Development Financial Institutions (CDFIs). Sharon Vogel from the Cheyenne River Housing Authority then discussed the housing challenges and initiatives on the Cheyenne River Sioux Indian reservation. She highlighted the authority's efforts in managing rental units, providing homebuyer readiness services, and adapting to virtual classes during the pandemic. Vogel emphasized the importance of tailored educational efforts, partnerships, and strategic programs in addressing the diverse housing needs of the community. The Housing Authority is committed to fair representation and effective implementation of HUD's final rule on certified tribal housing counselors.

Tribal Certification Rule - David Valdez, Senior Housing Program Specialist, Office of Policy and Grant Administration

David Valdez: Thank you, David. Let me provide a quick overview. The journey to finalize this rule was challenging but rewarding. We're thrilled to announce that it was published yesterday in the Federal Register, and I encourage everyone to read the full seven-page document for comprehensive details. Today, I'll provide a high-level summary; however, the final rule contains our detailed responses and considerations. Please refer to the preamble for a deeper dive. Our path to this rule involved three tribal consultations and six listening sessions with tribes, TDHEs, native CDFIs, and other organizations nationwide. We incorporated feedback not only from the proposed rule but also from these extensive consultations. The preamble outlines the main concerns raised and our responses, particularly addressing initial concerns about tribal sovereignty. The rule specifically applies to counseling funded

U.S. Department of Housing and Urban Development Housing Counseling Federal Advisory Committee Public Meeting (Hybrid)

June 13, 2024, Meeting Minutes

Meeting time: 03:25:11

under the Indian Community Development Block Grant (ICDBG) and the Indian Housing Block Grant (IHBG) programs. It clarifies obligations when using HUD funds outside of these programs. We've established two paths to certification: traditional HUD certification or certification tailored for tribal housing counselors, reflecting the unique legal and land tenure issues faced by tribes. Based on public comments, we made minor adjustments to the proposed regulatory framework. These include defining HUD certified tribal housing counselors separately to avoid confusion and clarifying requirements for agencies counseling outside the ICDBG and IHBG programs. Regarding implementation, we've set a four-year transition period to allow time for counselors to become certified and for the development of tailored exam content and study materials. Stakeholder engagement will be critical in this process to ensure the exam covers relevant concepts for tribal communities effectively. We're excited about this milestone and look forward to working closely with stakeholders to finalize exam content and begin certification. Our goal is to announce the start of testing and certification through a Federal Register notice, ensuring transparency and preparation time for all involved. Thank you for your attention to this important update.

David Berenbaum: David, thank you very much, and I invite you to stay online to speak with us during our discussion. We're very fortunate that we have as an individual member of our committee, Tony Walters, Tony has a robust history working in on a community level on these issues. I invited him similar to the discussion we had on real estate broker fees to really host the discussion with industry leaders now on tribal needs moving forward on certification and overall housing needs. Tony, let me turn it over to you to kick off our conversation.

Introductory remarks, Tony Walters, HCFAC Member

Anthony Walters: Thank you David for the insights on today's tribal agenda. Firstly, we're discussing tribal rules, and it's important to understand who all is impacted. According to the 2020 census, there are 2.7 million Native Americans in the U.S., with 86% residing outside Native American communities due to educational and work opportunities in urban areas. These figures are estimates and highlight the challenges in obtaining consistent data for Native American communities across various metrics. Currently, there are 574 recognized tribes spread across 35 states, along with a number of state-recognized tribes. The map on the next slide illustrates the distribution of tribal communities, emphasizing the vast geographic spread and often low population density, which complicates resource allocation and federal funding efforts. Moving to the next slide, we encounter additional statistics revealing the homeownership rates among Alaska Natives and Native Americans, which, though not as low as some demographics, are below the national average. There's a significant housing development deficit in tribal communities, highlighted by the need for approximately 68,000 housing units to address overcrowded and substandard living conditions as of 2017. Many homelessness issues in Indian country are tied to overcrowding rather than street homelessness. Further complicating matters, Native American homeowners often face higher mortgage rates, with many relying on manufactured housing due to land tenure complexities on tribal lands. This contributes to unique challenges in housing

U.S. Department of Housing and Urban Development Housing Counseling Federal Advisory Committee Public Meeting (Hybrid)

June 13, 2024, Meeting Minutes

Meeting time: 03:25:11

counseling and development tailored to tribal communities. The next slide provides an overview of the organizations involved in this critical work. There are about 400 tribally designated housing entities (TDHEs) serving over 574 tribes, including umbrella organizations managing multiple tribes in regions like Alaska. These entities go beyond housing counseling to encompass housing development, maintenance, tenant services, and more, supported primarily by the Indian Housing Block Grant, which currently stands around \$820 million annually. NAIHC, where I previously served as Executive Director, plays a crucial role with programs like Pathways Home Native Homeownership Guide, tailored for tribal lands and offering culturally sensitive homebuyer training. The organization has certified over 1,000 instructors since 2004, who in turn facilitate local housing counseling and education initiatives. Additionally, Native Community Development Financial Institutions (CDFIs) are increasingly involved in housing, often collaborating with, or developing their own educational resources. Federal programs such as the HUD 184 program, USDA rural housing programs, and VA tribal trust home program provide further support specific to Indian country housing needs. Lastly, I emphasize the importance of federal housing counseling programs being sensitive to the unique challenges faced by tribal communities. While compliance with new rules adds to the workload of tribal housing programs, it's crucial for ensuring they remain equipped to provide essential services. Efforts should focus on simplifying regulatory impacts and expanding access to additional housing counseling grants and resources for tribes. As my tenure on the advisory committee winds down, I urge continued prioritization of tribal issues within the Office of Housing Counseling and encourage the inclusion of more tribal experts on the committee. Sharon Vogel, a board member of NAIHC and an experienced practitioner, would be an excellent addition. With that, I'll pass the floor to Sharon Vogel, who brings a wealth of knowledge from serving tribes in the Great Plains region and beyond.

David Berenbaum: Thank you Tony, Sharon before you start, I also want to acknowledge we took great steps to really respect tribal sovereignty in this rule. We heard the concerns loud and clear being voiced both during the consultations as well as during our listening sessions. Tony, your service is not over yet, we have another meeting coming up in September, but thank you for what all of the members have done to date. Of course, many members may be reapplying to serve, so we'll see what happens. I'll now turn it over to Sharon thank you for being with us today.

Sharon Vogel, ED, Cheyenne River Housing Authority

Sharon Vogel: Good afternoon, everyone, and thank you for giving me the chance to speak today. Tony, it's great to be here with you. The Cheyenne River Sioux Indian reservation, located in South Dakota, spans an expansive 1.4 million acres, which is comparable in size to the state of Connecticut. This vast area is home to 19 tribal communities, each with its own distinct characteristics and challenges in terms of housing and infrastructure. For instance, Bear Creek, a community at the heart of the reservation, houses fewer than 25 families and features basic amenities like a church and a community center, highlighting the rural nature of many tribal communities. Established in 1963 by the tribe, the Cheyenne River Housing Authority plays a pivotal role in managing housing initiatives across the reservation.

U.S. Department of Housing and Urban Development Housing Counseling Federal Advisory Committee Public Meeting (Hybrid)

June 13, 2024, Meeting Minutes

Meeting time: 03:25:11

Currently overseeing 820 rental units, the Housing Authority also provides critical homebuyer readiness services. Historically, their focus shifted significantly after the NAHASDA legislation transitioned away from project-based mutual help homeownership towards mortgage lending as the primary avenue for families to achieve homeownership. This transition marked a significant shift, necessitating new approaches to support families through the mortgage process. Operating with a dedicated team of 40 full-time employees across various departments, including 55 construction workers managing their own construction projects, the Housing Authority is positioned to address a range of housing needs within the community. Their efforts are bolstered by comprehensive housing needs assessments conducted periodically across the reservation. These assessments play a crucial role in identifying and addressing the diverse housing needs of tribal members, balancing the demand for affordable rental housing with opportunities for qualified families to enter homeownership. In response to community feedback and evolving needs, the Housing Authority launched virtual homebuyer readiness classes, a pivot made necessary by the COVID-19 pandemic. These classes have proven to be a successful adaptation, ensuring continued access to vital housing education and resources. Covering essential topics such as credit repair, financial planning, and navigating the mortgage process, these classes are facilitated by certified tribal housing trainers and local experts. They provide participants with the knowledge and tools necessary to overcome common barriers to homeownership, including credit management and accessing mortgage options. Participant feedback underscores the importance of these tailored educational efforts, highlighting their effectiveness in empowering community members to make informed decisions about housing. High completion rates and positive participant experiences indicate sustained community interest and engagement in these initiatives. Further expanding their service offerings, the Housing Authority has partnered with the Homeownership Education Resource Organization (HERO). This collaboration enhances tenant education on essential topics such as lease agreements, financial planning, and move-in inspections. These efforts are crucial in promoting responsible tenancy and ensuring housing stability for new tenants. Looking ahead, the Housing Authority remains committed to advocating for fair representation and effective implementation of HUD's final rule on certified tribal housing counselors. They emphasize the importance of accessible regional training and the need to recognize the diverse contexts of tribal communities. This approach ensures that policy initiatives are effectively tailored to meet the unique housing challenges faced by the Cheyenne River Sioux community. In conclusion, the Cheyenne River Housing Authority continues to innovate and adapt its strategies to meet the evolving housing needs of the reservation's residents. Through strategic partnerships, comprehensive programs, and a commitment to community empowerment, they are making significant strides in promoting sustainable housing solutions and improving the quality of life for tribal members.

Panel Discussion

David Berenbaum: Sharon, thank you and Tony thank you as well. Tony, I'd like to ask you, do you have any immediate feedback with regard to Sharon's presentation?

U.S. Department of Housing and Urban Development Housing Counseling Federal Advisory Committee Public Meeting (Hybrid)

June 13, 2024, Meeting Minutes

Meeting time: 03:25:11

Anthony Walters: I just one quick thing to highlight Sharon is all those educational activities, is that funded through the IHGB /ICDBG? Or do you have outside grants that you use? So, one key piece is the rule would intersect that work?

Sharon Vogel: We have the HERO funding that's reimbursable. We had enterprise grants that were doing our homebuyer education, and then our training and some of the products have come from Oweesta. We have also participated in the South Dakota Native Homeownership Coalition, in the Homebuyer Readiness Services and products that they have. It isn't all IHGB funded, so we definitely look for money all the time to try to fund our homebuyer readiness activities.

David Berenbaum: Sharon, thank you. I'd like to invite Taylor Kunz, the Acting Deputy Director of ONAP's Office of Loan Guarantee to come on board and to share their presentation with us and then we'll invite the entire committee to jump in for any questions that they may have.

Office of Native American Programs (ONAP) Updates - Taylor Kunz, Acting Deputy Director of ONAP's Office of Loan Guarantee

Taylor Kunz: Today, we're delving into the Section 184 Indian Home Loan Guarantee Program, a pivotal resource for Native American and Alaska Native borrowers seeking home ownership solutions. Over its three-decade history, the Section 184 Program has evolved into a cornerstone for indigenous housing finance, facilitating over 53,000 loans since inception. Despite this achievement, the program continues to expand to meet the substantial housing needs within tribal lands, a point underscored by the pressing demand highlighted by Tony and Sharon earlier. While the Section 184 Program stands out, it's important to note other supportive initiatives like USDA's program, which offers beneficial terms for eligible applicants within specific income and geographical constraints. Similarly, Native American veterans can leverage the VA Native American Direct Loan Program, offering zero-down payment options akin to USDA's offerings. This diversity underscores the importance for potential borrowers to weigh their options, just as they would compare lenders. Geographically, the Section 184 Program has made significant strides. Initially limited to tribal trust lands, its scope has broadened to encompass fee simple lands in states marked in yellow on our current eligibility map. This expansion underscores the program's adaptability and commitment to increasing access to affordable housing solutions. Even in states marked in red, efforts are underway to extend the program's reach to more counties, guided by the principles outlined in the Dear Lender Letter 2023-02, which simplifies the expansion process. Section 184 loans come in various forms, catering not only to individual borrowers but also tribes and Tribal Designated Housing Entities (TDHEs). This diversity ensures flexibility in addressing different housing needs, whether it's new construction, rehabilitation, or refinancing. Moreover, the program's 100% guarantee to lenders incentivizes participation, enabling them to extend financing to borrowers who might otherwise struggle to secure conventional loans. Flexibility remains a hallmark of the Section

U.S. Department of Housing and Urban Development Housing Counseling Federal Advisory Committee Public Meeting (Hybrid)

June 13, 2024, Meeting Minutes

Meeting time: 03:25:11

184 Program. Loans are manually underwritten, allowing lenders to consider unique borrower circumstances beyond traditional credit scores. This approach, coupled with competitive market-driven interest rates, facilitates access to financing even for those with non-traditional credit histories. Additionally, the program's down payment requirements vary based on the loan amount, with provisions for down payments to be entirely gifted, enhancing accessibility. Benefits extend beyond individual homeownership. The Section 184 Program supports workforce housing initiatives, allowing tribes and TDHEs to act as borrowers for projects aimed at addressing broader community needs. This includes programs like the Skilled Worker Demonstration, tailored to promote economic development through targeted housing solutions. Eligibility for the Section 184 Program extends to enrolled members of federally recognized tribes and shareholders of Alaskan Village or Regional Corporations. This inclusivity underscores the program's commitment to serving diverse indigenous communities across various legal and geographic landscapes. Partnerships play a critical role in the program's success, involving collaboration with tribes, lenders, and the Bureau of Indian Affairs (BIA). For tribes interested in extending the program to trust lands, HUD approval is essential, requiring compliance with specific ordinances and lease terms to ensure the loan's security. Looking ahead, recent regulatory updates, including the new Section 184 final rule and accompanying handbook, aim to enhance program transparency and borrower protections. These changes provide clarity for lenders and stakeholders, ensuring robust compliance and operational efficiency. Stakeholders are encouraged to engage with the ongoing handbook drafting process through public comments, underscoring HUD's commitment to inclusive and informed policymaking. In conclusion, the Section 184 Indian Home Loan Guarantee Program continues to evolve as a crucial tool in expanding affordable housing opportunities for Native American and Alaska Native communities. By fostering partnerships, embracing flexibility, and adhering to rigorous standards, the program remains dedicated to its mission of promoting sustainable homeownership and community development across tribal lands.

Member Q&A

David Berenbaum: Thank you so much, Taylor. I'd like to invite David Valdez to join us again as well as invite our members if they have any questions to please raise their hand and we'll recognize them.

Paul Yorkis: Thank you, David. I've got a question in Tony's early remarks, he talked about the dwelling, which was not on land, owned by the person who owned the dwelling; and my question is, is there an effort at the various locations to try and get what I'll call subdivision approval, so that the homes could be on land that is owned at the same time, so that the mortgage would be a lower amount.

Anthony Walters: There are significant variations in land tenure among tribes, impacting housing efforts. Federal programs aim to consolidate ownership into single parcels or families. Leasing is common where tribes issue leaseholds. Mortgages for manufactured units aren't always directly tied to land. Various ongoing efforts are addressing these complexities across different locations.

Paul Yorkis: Thank you Tony.

**U.S. Department of Housing and Urban Development Housing Counseling
Federal Advisory Committee Public Meeting (Hybrid)**

June 13, 2024, Meeting Minutes

Meeting time: 03:25:11

Bill Sevilla: I wanted to ask Sharon. The success of those 12 training sessions. Would it increase the success rate if they were reduced to a smaller number? I'm trying to compare the process that the normal HUD first time homebuyer goes through housing workshop of six-eight hours and encapsulates all of the key components plus the personal counseling versus what I saw in Sharon's presentation. I wonder if there's people that just drop off or they lose interest after a while.

Sharon Vogel: The curriculum was developed to meet the specific needs of our members, ensuring they receive both consumer and homebuyer education. Each tribe approaches education differently; some use a four-hour class format. Our curriculum aims for graduates to demonstrate understanding through post-exams. Success includes individuals realizing they're not ready for mortgage responsibility and opting to wait. While some participants drop out, many return. We conduct intake to understand why they left; if length was an issue, we offer quicker online options. Feedback is appreciated to continually improve our program.

Ibijoke Akinbowale: Thank you, Tony. I know in David's presentation you mentioned, the manual underwriting that's taking place for this program and I'm wondering if that poses any limitations to lender involvement or engagement? I know I'm thinking just about the special purpose credit programs and a lot of other programs that are similar in terms of intention, but some difficulty. There's obviously a lot of benefits on the consumer side of things to be able to go through a manual underwriting process. But folks do tend to find some difficulties with lenders in that sense in regard. So, I'm wondering if you guys can provide any feedback in terms of that aspect of the program?

Taylor Kunz: Yes, absolutely. So, with most lending programs, there is what we call AUS or automated underwriting, which helps to expedite the process a little bit. It still requires underwriter review and underwriter involvement on the loan. We found that requiring manual underwrite for our Section 184 program helps to increase flexibility for Native American borrowers and Alaskan Native borrowers. And doesn't cause too much detriment to the lender. We haven't received that much feedback from lenders about that. So, we're hopeful that that trend continues.

David Berenbaum: Wonderful, Tony, back to you. Any Final thoughts?

Anthony Walters: Not many, I appreciate everyone's attention. There's a lot of nuance to a lot of the tribal issues that they face. As you can see, they're kind of full-service housing shops from one end of the housing spectrum to the other. So, there are a lot of issues there to address and talk about. I would just appreciate the time to focus on some tribal issues.

David Berenbaum: Absolutely, Tony and I hope we can schedule more time in the future to bring other groups and organizations into the discussion. Certainly, our thoughts as we move ahead, to follow up on Sharon's comments is to really ensure an inclusive broad conversation, so that as we move forward to certification, and also trying to expand delivery of services, we really are thoughtful in our approach. Sharon, thank you again for your very thoughtful presentation, it was very, very powerful today. I'd like

U.S. Department of Housing and Urban Development Housing Counseling Federal Advisory Committee Public Meeting (Hybrid)

June 13, 2024, Meeting Minutes

Meeting time: 03:25:11

to move forward, move forward to member comments, and invite our members if they would like to share any thoughts as a group with each other. This is your opportunity.

Member Open Forum for Discussion of Other Topics of Interest facilitated by David Berenbaum, Deputy Assistant Secretary, Office of Housing Counseling

Bill Sevilla: I'd like to add to Taylor's comments about a manual underwriting. In my banking career, I found that when an underwriter uses manual underwriting techniques, it allows for a very special set of words and compensating factors. It allows an underwriter to decide on the borrower's quality to become an approved loan commitment compared to the computer version, which sometimes just knocks people out, and doesn't give them a chance to get approved unless they go through a rigorous reapproval process. So, I applaud the fact that they have manual underwriting, because it does open the door for common sense underwriting, which I've always felt was the strongest way to do loans.

Public Comment – David Berenbaum & Virginia Holman

David Berenbaum: Thank you, Bill. Well, first, I want to thank everyone, this has been a very, very deep dive discussion today. I know we're going to be moving forward now to public comments. But let me take a moment to acknowledge the importance of Pride Month and also Caribbean American Heritage Month with we are currently celebrating, there is a lot happening, that we are all focused on as an industry. It's also really important to acknowledge the good work being done by all of our fellow neighbors and constituents. I'm very proud that HUD takes a lead on some of these issues. Ginger, let me turn things over to you for our public comments.

Introduction to Public Comment Period - Virginia Holman, Designated Federal Official, Office of Housing Counseling

Summary: Ms. Holman started the Public Comment Portion of the meeting by explaining the rules and procedures.

Virginia Holman opened the floor for public comment: Thank you all for joining us today. This meeting is open to the public because we value your comments and opinions, which help guide the committee's focus. We will now begin the comment period. If you've registered to comment, you will be called upon. Alternatively, you can use the raised hand tool in Zoom, and our facilitator, Ajanta, will invite you to speak. Please remember to unmute your microphone and feel free to use your camera if you wish. When speaking, introduce yourself with your name and organization. Please note there is a two-minute limit per person for comments, as required by statute. Ensure your remarks relate to agenda items or housing counseling issues. It's important to understand that committee members will not respond to

**U.S. Department of Housing and Urban Development Housing Counseling
Federal Advisory Committee Public Meeting (Hybrid)**

June 13, 2024, Meeting Minutes

Meeting time: 03:25:11

comments or questions during this meeting; however, your input will be carefully considered in future venues and meetings. Now, I'll hand over to Ajanta to facilitate the comment session.

Ajanta Consulting: Thank you Ginger. Firstly, I'm going to call on Michelle Running Wolf. Michelle, if you would like to speak you can now unmute yourself and do so.

David Berenbaum: Michelle, we do see you on the meeting. Perhaps you haven't unmuted yourself.

Ajanta Consulting: Okay, I'll go to the next person which is Jill Hartley. If you would like to speak you can now unmute yourself and speak.

Ajanta Consulting: Okay, Ginger, those are all of the members that requested to speak that are, were online. Would you like me to just read any of the comments or wait for raised hands?

David Berenbaum: I think it's fine to read the comments. Again, we cannot respond to them. But why don't we do that, because people did take the time during the course of the meeting to comment.

Ajanta Consulting: Okay. We have a couple of comments. One question, one comment from Juan Gutierrez was loan servicer practices. And then we had another comment from Errol Forkner, Assisting Pre-Foreclosure homeowners identifying CHFA loans, workout contact transition housing. We have another one from Gerald Haynes that says, what strategies can housing counselors employ to educate consumers about real estate Commission's in a clear and effective manner? How can housing counselors tailor their counseling approaches to better serve the unique needs of tribal communities?

David Berenbaum: Thank you.

Ajanta Consulting: We have one from Nichelle Shannon and it says, Can the buyer real estate commission fees to be rolled into their mortgage loans? That That concludes the comments that we have.

David Berenbaum: Great, thank you very much for reading those aloud. Certainly, the subcommittee can think about some of those suggested topics in their deliberations. All right, a final comment for any, final call for any comments, please raise your hand if you would like to speak.

Next Steps and Adjournment- David Berenbaum

David Berenbaum: Okay. Not seeing any hands raised. Let me move to our final wrap up. Thank you, everyone, for your participation today. We had an in-depth presentation on the role of housing counselors and the recent settlement changes. The discussion on the new tribal rule highlighted the subtle differences between the original proposal and the current version, reflecting the extensive

**U.S. Department of Housing and Urban Development Housing Counseling
Federal Advisory Committee Public Meeting (Hybrid)**

June 13, 2024, Meeting Minutes

Meeting time: 03:25:11

engagement with tribal communities and other stakeholders. David, thank you for your contributions today. Looking ahead, we have exciting plans for the committee. Our next meeting will be in person, focusing on the housing needs and counseling for members of the armed forces, their families, and veterans. Stay tuned for more information on the location. Additionally, Virginia, Ginger will present a report summarizing the committee's accomplishments and the extensive feedback provided to the Office of Housing Counseling. We also want to honor the committee members whose terms are expiring after the September and January meetings, with appropriate recognition and thank yous. We appreciate those of you considering continuing to serve and look forward to reviewing your applications. It's hard to believe that nearly three years have passed already. Ginger, is there anything I missed in the planning summary?

Virginia Holman: No, I think you've covered it. I mean, we're got some really exciting things to do. I mean, one of the things, well, we don't have a specific venue. We're working on that. But we do intend to be in the Tidewater area of Virginia, probably in the Norfolk area. So, look forward to learning about Virginia.

David Berenbaum: To those who have volunteered for the subcommittee, it will be our intent to convene that committee fairly quickly, so that there can be time for an appropriate number of discussions or meetings, as well as a report out at the next meeting as well. So, thank you, everyone. If there are any topics that you would like us to look at, certainly there'll be follow up on open topics as appropriate. Please feel free to drop Ginger a note and we'll consider them for the agenda. And with that we are adjourned everyone and for the dads on the call a happy and healthy Father's Day.

Meeting Adjourned.

End of Webinar