

HOUSING
HOUSING COUNSELING ASSISTANCE
2008 Summary Statement and Initiatives
(Dollars in Thousands)

HOUSING COUNSELING ASSISTANCE	<u>Enacted/ Request</u>	<u>Carryover</u>	<u>Supplemental/ Rescission</u>	<u>Total Resources</u>	<u>Obligations</u>	<u>Outlays</u>
2006 Appropriation .....	...	...	...	...	...	...
2007 Full-Year CR Estimate.....	...	...	...	...	...	...
2008 Request	<u>\$50,000</u>	<u>...</u>	<u>...</u>	<u>\$50,000</u>	<u>\$5,000</u>	<u>\$5,000</u>
Program Improvements/Offsets	+50,000	...	...	+50,000	+5,000	+5,000

In previous years, the Housing Counseling Assistance program has been funded as a set-aside in the HOME Investment Partnerships program and obligations and outlays from these years are reflected in the HOME Investment Partnerships program account.

SUMMARY STATEMENT

The Department requests \$50 million of fiscal year 2008 funding for the Housing Counseling Assistance program in an appropriations account separate from the HOME Investment Partnerships account where it currently resides. The requested funding is a \$5.45 million increase from the fiscal year 2007 President's request and \$8 million more than the fiscal year 2007 Continuing Resolution in recognition that the program is instrumental to the achievement of HUD's mission. The Housing Counseling Assistance program, administered by the Office of Housing, is the only dedicated source of Federal funding for housing counseling services. The program's far-reaching effect supports numerous Departmental programs and Presidential priorities. Of particular importance, the Housing Counseling Assistance program supports the Presidential priorities of increasing both overall homeownership and minority homeownership rates, as well as supporting efforts related to innovative and aggressive efforts to combat predatory lending and help end chronic homelessness.

The separate program account is requested because in prior years these funds have been made available through a set-aside in the HOME appropriations although this program is administered by the Office of Housing. Housing Counseling supports numerous programs in the Department other than HOME, and its impact on the achievement of HUD's mission is far-reaching, recognized by the Congress through the doubling in appropriations since fiscal year 2002. Separate funding and additional resources are part of the necessary means and strategies to meet HUD's important strategic goals.

Grant awards funded through this proposed appropriation will be completed in late fiscal year 2008, serving approximately one million low- to moderate-income individuals and families during fiscal year 2009. This increased funding request is an investment whose returns will be measured in the many critical contributions of the Housing Counseling Assistance program. As examples, this proposed budget will help Americans realize the dream of homeownership, educate homebuyers so that they make smart choices regarding the myriad of mortgage financing options available, assist the rising numbers of individuals and families that face mortgage default and foreclosure, help the country prepare for the next large scale natural disaster, and help elderly Americans access reverse mortgages, providing them with crucial additional income to help meet expenses, such as home modification and medical care.

Housing Counseling Assistance

The Housing Counseling Assistance program will strongly support and play a critical role in the Department's modernization of the Federal Housing Administration (FHA) by helping borrowers benefit from FHA's mortgage insurance products and avoid more expensive and riskier financing options. One of the primary roles of a housing counselor is to provide information to clients on various affordable loan products. HUD-approved housing counseling agencies are required to be knowledgeable about FHA programs and to discuss these programs with clients. The Housing Counseling Assistance program is undertaking an intensive outreach campaign to HUD-approved housing counseling agencies to inform and educate them about FHA products and programs. Staff also provides training on FHA to housing counselors when they conduct site visits to the agencies. In addition, in fiscal year 2006, FHA staff conducted 16 workshops for housing counselors on FHA at NeighborWorks America training events. NeighborWorks America is the leading training organization for non-profits. Housing counseling will also support the President's Management Agenda by mitigating the risk to single family housing mortgage insurance programs.

Recently enacted Federal and state laws, as well as the lingering effects from the Gulf Coast Hurricanes necessitate increased funding for the Housing Counseling Assistance program. This increased funding will help ensure compliance with these new laws while minimizing the curtailing of counseling on issues such as predatory lending, Section 8 Homeownership Voucher program, or FHA.

Initiative

The Housing Counseling Assistance program is considering awarding fiscal year 2008 funds as multi-year awards to high-performing agencies, based on availability of sufficient funds from future appropriations. Of the \$50 million allocated, approximately 20 percent will support competitive two-year awards, which will begin in fiscal year 2008, to high-performing housing counseling agencies and housing counseling training providers. The subsequent year will be funded through the fiscal year 2009 appropriation, but will be awarded in accordance with the competitive requirements of the fiscal year 2008 Notice of Funding Availability (NOFA). This will make it possible for groups to conduct longer-term strategic planning and leverage additional resources more effectively. To qualify for this funding, organizations must have an excellent performance rating in their most recent performance review, and score 90 or above on their fiscal year 2008 NOFA application.

Program Description and Activities

The Housing Counseling Assistance program supports the delivery of a wide variety of housing counseling services to potential homebuyers, homeowners, low- to moderate-income renters, and the homeless. Counselors provide guidance and advice to help families and individuals improve their housing conditions and choices, and meet the responsibilities of tenancy and homeownership. These activities assist the Department in achieving its strategic goals by increasing homeownership opportunities, promoting decent affordable housing, strengthening communities, and ensuring equal opportunity in housing. Section 106(a)(2) of the Housing and Urban Development Act of 1968 (12 U.S.C. 1701(x)) provides HUD with the legislative authority to provide housing counseling services directly or through private or public organizations with special competence and knowledge in counseling low- and moderate-income families.

Homeownership

More than ever before, potential homebuyers need help from knowledgeable housing counselors in order to make smart choices regarding homeownership. Unlike just a few years ago, a myriad of financing options now exist, including potentially riskier products like 'interest only' mortgages, short-term adjustable rate mortgages (ARMS), and low- to no downpayment mortgages. Moreover, low- to moderate-income Americans are increasingly turning to the sub-prime mortgage market to finance home purchases. However, the high interest rates and often predatory hidden costs and penalties associated with sub-prime loans, such as prepayment penalties and balloon payments, dramatically increase the likelihood of default. Many homebuyers are simply unaware of less expensive and safer options, such as FHA, for which they could qualify. There is evidence that up to 30 percent of borrowers who closed a sub-prime loan could have qualified for a prime loan at significantly lower cost ("*Risk or Race? Racial Disparities and the Sub-prime Refinance Market*," Center for Community Change, May 2002).

Housing Counseling Assistance

Housing counseling is the most cost effective way to educate individuals and arm them with the knowledge they need to avoid unnecessarily high interest rates and predatory practices that can result in foreclosure. This budget request supports innovative and aggressive efforts to educate individuals in identifying and avoiding predatory lending. Housing counseling helps ensure that individuals making the transition to homeownership are not taken advantage of by unscrupulous lenders.

For these reasons, housing counseling and education are central to the President's *Blueprint for the American Dream Partnership*, which specifically recommends educating more people regarding the home buying process, and efforts to increase minority homeownership rates, which lag well behind the national average. For most Americans, homeownership will be the primary means through which they build wealth and contribute to the strength and stability of their communities. In fiscal year 2005, the most recent year for which performance data exists, pre-purchase homebuyer counseling comprised approximately 34 percent of HUD-funded housing counseling activities, with an additional 35 percent funding homebuyer/homeowner educational group seminars. Housing counseling will help in the achievement of the President's goal of adding 5.5 million new minority homeowners by the end of the decade. Over 700,000 minority households have benefited from HUD-funded housing counseling since fiscal year 2001. Program performance data indicates that approximately half of all clients served with HUD Housing Counseling Assistance grants are minorities. The Department will continue to fund housing counseling activities in conjunction with HUD's Section 8 Homeownership Voucher program. Through this support, the Housing Counseling Assistance program assists recipients of rental subsidies transition to homeownership and increases the participation of Public Housing Authorities in this program, thus making homeownership a viable option for a larger number of voucher recipients.

Default and Foreclosure Rates Reaching Critical Levels

Support for housing counseling is also critical in order to combat sharply rising default and foreclosure rates, which could reach crisis levels by 2009. Nationally, foreclosure rates began to rise dramatically in fiscal year 2006, especially in the Midwestern section of the country. According to a December 12, 2006, Reuters article citing RealtyTrac, which tracks foreclosures, "[m]ore than one million U.S. properties entered some stage of foreclosure in the first 10 months of 2006, a 27 percent jump from October."

Several factors suggest that the trend will worsen dramatically throughout the latter part of the decade. The explosion in recent years of the use of 'interest only' mortgages, short-term adjustable rate mortgages (ARMs), and low- to no downpayment mortgages has helped millions of Americans become homeowners. However, many homebuyers that utilize ARMs and other designer loan products may not fully realize potential long-term costs, putting many Americans at risk of foreclosure and financial disaster.

Typically, ARMs have a fixed rate for the first 3 to 5 years. When that initial period ends, monthly payments are recalculated at prevailing interest rates, which have been rising. In 2008 and 2009, a large percentage of the nearly \$3 trillion in adjustable rate loans will convert to significantly higher rates, and balloon payments will come due. With interest rates rising, it will become increasingly difficult for these individuals to afford the mortgage payment on their own homes. In addition, potentially higher utility and gasoline costs, as well as increased taxes as a result of property appreciation, could make it difficult for these families to make mortgage payments. A job loss or serious health issue can make it impossible.

Compounding the problem is that, with the appreciation of property values slowing or decreasing, many individuals using these riskier loan products have minimal or even negative equity, so they are often unable to sell their properties for a profit, or even refinance to more affordable payments. Similarly, the refinancing boom caused by the historically low interest rates of the first half of the decade resulted in decreased equity for many families. When they refinanced, many families tapped into the equity in their homes. With little to no equity in their homes, homeowners have few options if a financial emergency or health problem occurs.

Housing Counseling Assistance

New bankruptcy laws are also contributing to the sharp rise in defaults and foreclosures. Specifically, it is now harder for people to get debt relief on their other obligations. As a result, a record number of individuals could face default and foreclosure in 2009. Without quality default counseling and loss mitigation, the dream of homeownership could turn into a financial nightmare for millions of these families and communities across the country. This budget supports critical assistance to these households. With the proposed funding, approximately 100,000 mortgagors, many with FHA-insured loans, will receive foreclosure prevention counseling in fiscal year 2009 with fiscal year 2008 appropriations. The potential savings for FHA and the nation as a result of this counseling is sizable as FHA estimates that in fiscal year 2006, the average claim costs approximately \$99,000.

Demand for Housing Counseling at an all-time high

Due to the widespread recognition that housing counseling is an effective tool for increasing homeownership and mitigating default and foreclosures, there is significantly more demand for housing counseling than can be accommodated by the amount of housing counseling funds currently available. Supporting this assertion is both anecdotal evidence from housing counseling agencies and the fact that, for the fiscal year 2006 appropriation, HUD received requests for approximately \$34 million more funding than was available. In total, 478 agencies submitted proposals requesting \$73 million--a significant demand, given that applicants knew that there was a limited amount of funds available. The Department is working with a variety of partners, including state and local governments, as well as non-profit organizations, to advance the goal of increasing homeownership opportunities. Housing counseling is an important means and strategy in advancing this goal and it is anticipated that program demand will continue to grow.

The increase in the popularity of Home Equity Conversion Mortgage (HECM) loans dramatically increases the demand for housing counseling as does the role housing counselors play in natural disasters. No one can predict what, if any, disasters will occur in fiscal years 2008 and 2009. However, during fiscal year 2006, Hurricanes Katrina, Rita, and Wilma caused unprecedented damage to Louisiana and much of the Gulf coast and demonstrated that an investment in housing counseling agencies is a cost effective way to prepare the country for major disasters. Housing counseling agencies provided critical services to affected individuals by prioritizing scarce resources.

Four types of counseling assistance are in particular demand in the aftermath of a major hurricane or other disaster. They are:

(1) Assistance Application. Affected individuals rely on counselors to provide assistance information, including referral to emergency assistance and explanations of the various types of assistance available, and how to apply for it. Individuals affected by disasters need to know what is available and what they are eligible for, so they will not be taken advantage of. For example, following Hurricane Katrina, in both Houston and Baton Rouge, there were reports of scam artists outside of relief centers offering cash for house deeds. Armed with cash and quitclaim deeds, these scam artists offered up to \$10,000 on the spot knowing they would collect \$26,000 in grants from the Federal Emergency Management Agency. (2) Relocation. The number of displaced individuals, estimated at more than one million, remains unprecedented. While many returned to devastated areas after the Gulf Coast hurricanes, thousands chose to rebuild their lives elsewhere. These individuals and families rely on counselors from HUD-approved agencies for help locating temporary and long-term quality and affordable housing. (3) Credit and Financial Counseling. Many displaced individuals lose access to their financial records, which contain critical information they need in order to contact lenders, tap reserves, and begin the process of rebuilding their finances and lives. Housing counseling agencies can provide this critical information. (4) Lender Intervention. Most displaced homeowners do not realize they need to contact their mortgage servicer and other creditors to avoid default. After the Gulf Coast Hurricanes, only a handful of lenders provided automatic payment deferments. Most lenders required borrowers to contact them before payment suspensions are put into place. Prime lenders largely followed the lead of Fannie Mae and Freddie Mac and deferred payments for 90 days on home mortgage and home equity loans. By contrast, most sub-prime lenders only suspended payments, late fees and credit reporting for 30 days. Counseling agencies can play a critical role advocating with lenders and developing and disseminating educational materials including flyers warning borrowers and instructing them how to get help in contacting lenders.

Housing Counseling Assistance

Another factor increasing the demand for housing counseling is the increasingly high incidence of Federal, local and state legislation that require certain borrowers to receive counseling from HUD-approved agencies, yet provide no additional funding for counselors from HUD-approved agencies. For example, in fiscal year 2006, the State of Illinois enacted a law that requires first-time homebuyers to receive counseling from HUD-approved agencies. In the same year, the state of California enacted a law that requires counseling by a HUD-approved counseling agency for recipients of all types of reverse mortgages, including proprietary (non-FHA) products. Clearly, these States and others that have taken similar steps understand the tremendous benefits of housing counseling from HUD-approved counseling agencies. However, without resources accompanying these mandates, the resources of counseling agencies and HUD's Housing Counseling Assistance program are unintentionally taxed.

At the Federal level, the Bankruptcy Abuse Prevention and Consumer Protection Act of 2005, which went into effect nationally on October 17, 2005, requires consumers filing for bankruptcy to receive financial counseling before filing, and to take a financial literacy course before they can discharge their debt. Counselors from HUD-approved counseling agencies are expected to provide nearly all of the required counseling and education. The National Foundation for Credit Counseling, one of the largest HUD-approved Housing Counseling intermediaries, reports that during the first 5 months that the new law was in effect its network of counseling agencies counseled more than 188,000 consumers as part of their bankruptcy pre-filing education requirements. They project that with sufficient funds they could have served a million additional individuals and households in 2006 as a result of the law, doubling their output for fiscal year 2005. No additional funding has been provided to support this significant counseling burden. Also, the Department of Agriculture, Rural Housing Service, published a proposed rule in March 2006 that would require that first-time homebuyers under the Section 502 Direct Program Receive Homebuyer Education From A HUD-Approved Counseling Agency.

IMPROVED PERFORMANCE MEASUREMENT

The Housing Counseling Assistance program has a number of relatively new outcome measures. Additionally, under the Program Assessment Rating Tool (PART) evaluation, the Housing Counseling Assistance program in general received strong marks. This funding request will help the program to continue to address recommendations resulting from the PART in the area of evaluations and data collection efforts. Also, the Department has added an efficiency measure, which will provide incentives to agencies to invest in their own training. This measure provides that under the current and future appropriations, an increased training effort will be conducted so that the number of counselors from HUD-approved housing counseling agencies receiving training from NeighborWorks America is increased and measured, and the result will be reflected in higher quality counseling and better results in pursuing homeownership, avoidance of foreclosure, and all of the other outcomes associated with the Housing Counseling Assistance program.

HUD received OMB approval in fiscal year 2006 to collect client level data. HUD began piloting the collection of this client level data in fiscal year 2006 and anticipates full compliance by fiscal year 2008. The lack of client level data has long been a barrier to effective program evaluation and performance measurement. The HUD form used to collect aggregate data lacks sufficient detail to permit analysis of counseling results by subgroups or demographic characteristics. By contrast, client level data will allow HUD to present, by demographic characteristics, results data such as the number of clients receiving pre-purchase counseling that actually purchase a home. Additionally, through client level data, HUD will have a much clearer picture of the demographic characteristics and counseling outcomes of households affected by predatory lending. Client level data will also reveal the number, characteristics, and outcomes of households assisted through the program that use other HUD assistance, such as FHA-insured mortgages, and rental and homeownership vouchers. This represents a fundamental improvement in the quality of data available to program managers and evaluators, and more effective targeting of outreach, training, and other resources.

Housing Counseling Assistance

HOUSING
HOUSING COUNSELING ASSISTANCE
Summary of Resources by Program
(Dollars in Thousands)

<u>Budget Activity</u>	<u>2006 Budget Authority</u>	<u>2005 Carryover Into 2006</u>	<u>2006 Total Resources</u>	<u>2006 Obligations</u>	<u>2007 CR Estimate</u>	<u>2006 Carryover Into 2007</u>	<u>2007 Total Resources</u>	<u>2008 Request</u>
New Appropriation	\$50,000
Total	50,000

<u>FTE</u>	<u>2006 Actual</u>	<u>2007 Estimate</u>	<u>2008 Estimate</u>
Headquarters	7	9	13
Field	87	92	100
Total	94	101	113

JUSTIFICATION OF FTE INCREASE FROM FY 2007 TO FY 2008

-- To increase programmatic oversight of Housing Counseling grantees.

Housing Counseling Assistance

**HOUSING
HOUSING COUNSELING ASSISTANCE
Program Offsets
(Dollars in Thousands)**

New Appropriation	<u>Amount</u>
2006 Appropriation .....	...
2007 Full-Year CR Estimate.....	...
2008 Request	<u>\$50,000</u>
Program Improvements/Offsets	+50,000

Proposed Actions

The great majority of the fiscal year 2008 appropriated funds, \$47.5 million, are expected to be distributed to National and Regional Intermediaries, Local Housing Counseling Agencies, and State Housing Finance Agencies to support the direct provision of housing counseling and education services, including pre-purchase, foreclosure prevention, and HECM counseling. These funds are allocated through an annual competition to applicants that meet eligibility requirements based on capacity, need, soundness of approach, leveraging resources, and program evaluation. At the beginning of fiscal year 2007, approximately \$39.08 million of fiscal year 2006 appropriations was awarded to over 478 groups nationally, including 17 HUD-approved national and regional intermediaries. Intermediaries provide and manage sub-grants to networks of affiliated local community-based housing counseling agencies, to which they also provide training and technical assistance.

Home Equity Conversion Mortgage (HECM)

Approximately \$4 million of the \$47.5 million will be used to support agencies in the Housing Counseling Assistance program that provide HECM counseling, which is required by statute, to elderly homeowners who are looking to convert equity in their homes into income that can be used to pay for home improvements, medical costs, or other living expenses. This HECM funding is necessary because counseling agencies are typical community-based nonprofits that struggle to secure enough funding to meet the needs of their communities. Last year, many agencies stopped providing HECM counseling mid-year because they ran out of HECM designated funding. The result was that elderly individuals could not close on their reverse mortgages, denying them additional income to meet housing, medical, and other expenses. By allowing elderly Americans to tap into the equity in their homes, HECM loans help ensure that senior Americans have sufficient resources to live out their lives with dignity. HECMs also reduce the likelihood that these seniors will need to rely on public assistance as they age.

As Americans look for income sources to support them in their retirement years, the demand for HECM loans is increasing dramatically. In fiscal year 2003, nationwide HECM endorsements totaled 16,224, more than doubled to 42,921 in fiscal year 2005, and increased to 76,276 in fiscal year 2006. There is ample evidence to suggest that HECMs will become even more popular in the future. Ginnie Mae is working on a proposal for a secondary market for investment in HECM loans, in other words to securitize HECM loans, which would make the loans more affordable, further increasing the demand for the product and the required counseling. By 2009, the year when the proposed appropriation will be spent by housing counseling agency grant recipients, initial HECM endorsements are projected to continue to show substantial growth.

Housing Counseling Assistance

Moreover, because property values have risen dramatically in recent years, many elderly individuals with HECMs are seeking to refinance their HECM to tap into that increased equity. Like initial HECM endorsements, HECM refinance numbers are rising dramatically. In May of 2006, 640 elderly households refinanced their HECM, compared to only 83 households in May 2005. Like all initial HECM endorsements, counseling is required for a percentage of HECM refinances, based on a formula. HECM refinances will further increase the demand on HUD-approved housing counseling agencies.

Based on the cost of a HECM counseling session at approximately \$125-\$150 (fiscal year 2006), the cost of HECM counseling nationwide could exceed \$30 million in fiscal year 2009. This budget requests only a portion of that projected total, with the anticipated balance to be paid with funds leveraged by HUD-approved housing counseling agencies. Because the counseling is required by law, if available funds are insufficient to meet the counseling demand, alternative funding sources would need to be considered and possibly implemented, including charging the elderly borrower for the counseling, which would effectively raise the cost of the loan.

Training

This budget request also continues to support training for housing counselors working for HUD-approved Housing Counseling Agencies in order to standardize and continue improving the quality of housing counseling provided. Approximately \$2.5 million of the proposed budget will support this competitive training initiative, making quality training accessible and affordable to thousands of counselors from HUD-approved agencies.

**HOUSING
HOUSING COUNSELING ASSISTANCE
Performance Measurement Table**

Program Name: HOUSING COUNSELING ASSISTANCE					
Program Mission: The Housing Counseling Assistance program supports the delivery of a wide variety of housing counseling services to potential homebuyers, homeowners, low- to moderate-income renters, and the homeless.					
Performance Indicators	Data Sources	Performance Report		Performance Plan	
		2006 Plan	2006 Actual	2007 Plan	2008 Plan
At least 70 percent of clients receiving rental or homeless counseling either find suitable housing or receive social service assistance to improve their housing situation.	Housing Counseling Agency FY Activity Reports (HUD 9902)	At least 70 percent.	75 percent (projected; data to be available 2Q FY 2007).	At least 70 percent.	At least 70 percent.
At least 30 percent of clients receiving pre-purchase counseling will purchase a home or become mortgage-ready within 90 days.	Housing Counseling Agency FY Activity Reports (HUD 9902)	At least 30 percent.	37.1 percent (projected; data to be available 2Q FY 2007).	At least 30 percent.	At least 30 percent.
Minority clients are at least 50 percent of total clients receiving housing counseling in fiscal year 2007.	Housing Counseling Agency FY Activity Reports (HUD 9902)	At least 50 percent.	58.4 percent (projected; data to be available 2Q FY 2007).	At least 50 percent.	At least 50 percent.
More than 50 percent of total mortgagors seeking help with resolving or preventing mortgage delinquency will successfully avoid foreclosure.	Housing Counseling Agency FY Activity Reports (HUD 9902)	More than 50 percent.	68.1 percent (projected; data to be available 2Q FY 2007).	More than 50 percent.	More than 50 percent.

Explanation Of Indicators

At least 70 percent of clients receiving rental or homeless counseling either find suitable housing or receive social service assistance to improve their housing situation. The Department is placing more emphasis on Housing Counseling, including counseling for homeless clients and families seeking affordable rental housing. The fiscal year 2008 performance goal is to ensure that at least 70 percent of clients receiving rental or homeless counseling find suitable housing or receive social service assistance to improve their housing situation. Although actual fiscal year 2006 results are not yet available, HUD anticipates that 75 percent of clients receiving rental or homeless counseling will have either found suitable housing or received social service assistance to improve their housing situation. This projection represents actual results from fiscal year 2005 and exceeds the fiscal years 2006-2008 goal of 70 percent.

Housing Counseling Assistance

At least 30 percent of clients receiving pre-purchase counseling will purchase a home or become mortgage-ready within 90 days. HUD continues to emphasize the critical role of counseling in the homebuying process. The fiscal year 2008 goal is to ensure that at least 30 percent of clients receiving pre-purchase counseling achieve the outcome goal of purchasing a home or becoming mortgage-ready within 90 days. Although actual fiscal year 2006 results are not yet available, HUD anticipates 37.1 percent of client receiving pre-purchase counseling from HUD-approved agencies to purchase a home or become mortgage ready within 90 days. This projection represents the actual results from fiscal year 2005 and would exceed the fiscal years 2006-2008 goal of 30 percent. With increased training and outreach and continuous efforts to improve efficiency and effectiveness there is no reason to anticipate a decrease in program performance.

Minority clients are at least 50 percent of total clients receiving housing counseling in fiscal year 2007. The Housing Counseling program is an integral part of achieving the outcome of helping to increase the minority homeownership rate. It supports the President and Secretary's commitment to add 5.5 million homebuyers by 2010. The fiscal year 2008 goal is to ensure that minority clients are at least 50 percent of total clients receiving HUD-funded housing counseling. HUD anticipates that 58.4 percent of all clients receiving HUD-funded housing counseling during fiscal year 2006 will have been minorities. This projection represents actual results from fiscal year 2005 and exceeds the established fiscal years 2006-2008 goal.

More than 50 percent of total mortgagors seeking help with resolving or preventing mortgage delinquency will successfully avoid foreclosure. Clients tracked through this indicator include homeowners with mortgages who are at risk of default, or have already defaulted, and are seeking assistance in order to remain in their home and meet the responsibilities of homeownership. By limiting delinquency and foreclosure, default counseling is a cost-effective way to reduce FHA's exposure to risk while contributing to the growth and stability of families and communities across the country. The fiscal year 2008 goal is to ensure that more than 50 percent of total mortgagors seeking help with resolving or preventing mortgage delinquencies successfully avoid foreclosure. HUD anticipates that 68.1 percent of total mortgagors seeking help with resolving or preventing mortgage delinquency will have successfully avoided foreclosures. This projection represents the actual results from fiscal year 2005 and exceeds the fiscal years 2006-2008 goal.

Housing Counseling Assistance

**HOUSING
HOUSING COUNSELING ASSISTANCE
Proposed Appropriations Language**

The 2008 President's Budget proposes:

For contracts, grants and other assistance other than loans, as authorized under section 106 of the Housing and Urban Development Act of 1968, as amended, \$50,000,000 to remain available until September 30, 2009: Provided, That funds shall be used for: providing counseling and advice to tenants and homeowners both current and prospective with respect to property maintenance, financial management, and such other matters as may be appropriate to assist them in improving their housing conditions, meeting their financial needs by accessing home equity, and meeting the responsibilities of tenancy or homeownership, including provisions for training and for support of voluntary agencies and services.

Explanation of proposal

The 2008 President's budget proposes a separate appropriations paragraph for Housing Counseling Assistance. In recent years, this activity has been funded through a set-aside in the HOME Investment Partnerships program appropriation.

Housing Counseling Assistance

HOUSING
HOUSING COUNSELING ASSISTANCE
Crosswalk of 2006 Availability
(Dollars in Thousands)

<u>Budget Activity</u>	<u>2006 Enacted</u>	<u>Supplemental/ Rescission</u>	<u>Approved Reprogrammings</u>	<u>Transfers</u>	<u>Carryover</u>	<u>Total 2006 Resources</u>
New Appropriation
Total

NOTE: In fiscal year 2006, the Housing Counseling Assistance program was funded as a set-aside in the HOME program and obligations and outlays from previous years are reflected in the HOME Investment Partnerships program account.

Housing Counseling Assistance

HOUSING
HOUSING COUNSELING ASSISTANCE
Crosswalk of 2007 Availability
(Dollars in Thousands)

<u>Budget Activity</u>	2007 President's Budget Request	FY 2007 CR Estimate	2007 Supplemental/ Rescission	<u>Reprogrammings</u>	<u>Carryover</u>	Total 2007 <u>Resources</u>
New Appropriation	\$44,550	...	...	...	...	...
Total	44,550	...	...	...	...	...