

**HOUSING
HOUSING COUNSELING ASSISTANCE
2011 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>
2009 Appropriation	\$65,000	...	...	\$65,000	\$19	...
2010 Appropriation/Request	87,500	\$64,981	...	152,481 ^a	64,981	\$58,180
2011 Request	<u>88,000</u>	<u>87,500</u>	<u>...</u>	<u>175,500^b</u>	<u>87,500</u>	<u>83,215</u>
Program Improvements/Offsets	+500	+22,519	...	+23,019	+22,519	+25,035

a/ Includes \$875,000 in Transformation Initiative transfers.

b/ Includes \$880,000 in Transformation Initiative transfers.

Summary Statement

The Department requests \$88 million of fiscal year 2011 funding for the Housing Counseling Assistance program. The requested funding is just above the fiscal year 2010 appropriation of \$87.5 million. This appropriation is necessary to provide assistance to the record number of homeowners at risk of foreclosure, as well as to counsel new borrowers preparing to purchase homes. The program's far-reaching effect impacts numerous Departmental programs and Presidential priorities, and provides a key solution to the home finance difficulties currently facing this country. HUD recognizes that the demand for housing counseling, as described in this justification, exceeds the level of services that would be supported by this requested funding level.

Grants awarded through these appropriations will be competed in late fiscal year 2011, serving as many as 306,000 low- to moderate-income individuals and families, and training approximately 5,324 counselors, during fiscal year 2012 when the funds are obligated and expended. This funding request will assist approximately 55,000 households receiving foreclosure prevention counseling, and approximately 253,000 households with other assistance in meeting their housing needs. This program, administered by the Office of Housing, is the only dedicated source of Federal funding for the full spectrum of housing counseling services.

The Housing Counseling Assistance program represents one of the most cost-effective ways to assist the thousands of households nationwide facing mortgage delinquency and foreclosure. HUD-approved and funded housing counselors apply their skills and expertise so that loss mitigation, and other tools and strategies are available to affected households to help them modify their loans, refinance, or otherwise escape high interest rates, hidden costs, prepayment penalties, and other often predatory practices. While combating the foreclosure crisis has to be a priority for the Federal Government and this Budget request, it is essential to still adequately fund pre-purchase, rental, reverse mortgage and other types of housing counseling. This proposed appropriation is an investment in preventing future defaults and foreclosures, producing mortgage ready homebuyers, and helping households that have been displaced from their housing as a result of the foreclosure crisis.

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Of critical importance, housing counseling agencies also help qualify and prepare households for the various Federal, state and local foreclosure prevention assistance programs now available. This role makes counseling agencies a key factor in making the foreclosure prevention programs successful. For example, Housing Counseling is crucial to the efficacy of the Making Home Affordable (MHA) program announced by the Administration in March 2009. The MHA program is part of President Obama's broad, comprehensive strategy to get the economy and the housing market back on track. The plan potentially could help up to 9 million families restructure or refinance their mortgages to avoid foreclosure. Housing counselors will help households access these resources by evaluating their eligibility and preparing the necessary documentation for mortgage servicers. Moreover, housing counseling is required for borrowers who are eligible for a loan modification, but have high debt-to-income ratios. However, no housing counseling funding was appropriated in conjunction with MHA.

Housing Counseling is also a requirement for households assisted through the \$5.92 billion Neighborhood Stabilization Program (NSP, 1 & 2) to help state and local governments purchase, rehab and sell foreclosed property.

One percent of the funds appropriated for the Housing Counseling Assistance program may be transferred to the Transformation Initiative account to undertake research, demonstrations, technical assistance, and technology improvements. The Transformation Initiative allows the Secretary the necessary flexibility to undertake an integrated and balanced effort to improve program performance and test innovative ideas.

Support FHA

The proposed Budget will strongly support FHA, which is experiencing a surge in business due to the overall contraction in the mortgage market. FHA is also playing a key role in President Obama's comprehensive strategy to get the housing market back on track. In May 2009, the President signed the "Helping Families Save their Homes Act of 2009," providing FHA with additional loss mitigation authority. In the summer of 2009, FHA announced a new initiative to complement MHA, so that the loan modification and refinancing opportunities will also be available to homeowners with FHA-insured mortgages. Additionally, legislation was enacted in 2009 to improve the HOPE for Homeowners program, providing additional tools to assist borrowers under MHA. Housing counselors will help get the word out regarding these new initiatives. Housing Counseling education and outreach will be critical to the success of the programs. Additionally, housing counselors will help households access these resources by evaluating their eligibility and preparing the necessary documentation for mortgage servicers. Housing counseling will also increase the likelihood that households can afford their new payments long-term.

Housing counseling plays a critical role by helping borrowers learn about the benefits, including low costs and safety, of FHA's mortgage insurance products. As a result, housing counselors can help borrowers avoid more expensive and riskier financing options or help them refinance into safer and more affordable mortgages. Housing counseling will also help ensure the successful performance of FHA-insured loans, once again a major portion of the U.S. mortgage market, and help ensure the long term health of the FHA insurance funds. Housing counseling assistance is particularly critical as FHA's Home Equity Conversion Mortgage (HECM) becomes increasingly popular for seniors interested in accessing equity for health care needs, home repairs, and other emergencies. HECMs can be a significant foreclosure prevention tool for seniors that have experienced drastic and unexpected losses in retirement savings. One of the best forms of foreclosure prevention available to seniors who are struggling to make their mortgage payments is to pay off an existing lien against the property with a reverse mortgage. To be eligible for FHA's HECM, borrowers are required by statute to complete reverse mortgage counseling.

Combating Mortgage Fraud and Fair Lending Abuse

During the current mortgage crisis, housing counselors have met with many clients that they suspect may have been victims of mortgage fraud or fair lending abuse. However, the housing counseling industry does not have a standardized set of tools to identify potential cases of mortgage fraud and does not have easy

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access to information regarding where to refer clients to report potential fraud. In order to make housing counseling services a more integral part of the Administration's efforts to combat mortgage fraud and fair lending abuse, HUD estimates that as much as \$1 million of the proposed appropriation will be spent on supplementing traditional pre-purchase and default counseling with a thorough loan document review and counseling designed to identify and educate households that may have experienced mortgage fraud or fair lending abuse. Specifically, counselors will help them understand their rights and the array of remedies that might be available to assist them in avoiding foreclosure, securing the loan terms and conditions to which they are entitled, or otherwise help them improve their housing situation. Approximately 2,000 households would be served by this investment.

Combating Rescue Scams

According to the FBI, the decline in the housing market has created an ideal climate for predators in the form of mortgage rescue scams. Households at risk of foreclosure are increasingly desperate for help. The so-called mortgage rescue companies use simple messages in ads to lure homeowners facing foreclosure or other financial difficulties. They may imply they are associated with HUD, FHA, and other reputable organizations to gain the homeowners' trust, personal information and money. These scams threaten to hurt homeowners and prevent them from getting the help they need during these challenging times. Sufficient funds are necessary to ensure that desperate families can turn to a reputable HUD-approved counseling agency for assistance instead of compounding their problems by being duped by a rescue scam. In April 2009, HUD announced a multi-agency coordinated campaign across Federal and state government, and the private sector, to target loan modification fraud and foreclosure rescue scams. HUD plans to devote up to \$1 million of contract funding to actively engage housing counseling agencies and other grass roots organizations in this critical effort.

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.

Foreclosure Prevention

The housing crisis will continue as a daunting challenge through the near-term. The economic crisis and related job losses the country is experiencing, and the decline in home values resulting in millions of borrowers being "underwater," or owing more than their homes are worth, is resulting in record numbers of households facing foreclosure, unable to sell their homes or refinance. According to the HOPE NOW Alliance, there were 290,000 foreclosure starts in March 2009, a higher total than for any month in 2008. The Treasury Department estimates that 9 million households will benefit from the Making Home Affordable loan modification and refinancing programs, which run through 2012. Households likely to need housing counseling are part of the four million households Treasury estimates will benefit from the loan modification program, which is designed to assist households already in default or at imminent risk of default. In fact, housing counseling is required for program participants with debt to income ratios higher than 55 percent. This is smart policy to help ensure that households that have high debt in addition to their mortgages will be able to sustain homeownership; however, the demand on counseling agencies will be enormous.

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Current funding levels, including the \$475 million cumulatively appropriated in 2008, 2009 and 2010 to NeighborWorks America for the National Foreclosure Mitigation Counseling (NFMC) program, are inadequate to meet this demand. In April 2010, NFMC is set to announce \$65 million in foreclosure mitigation counseling awards. At \$450 per session for counseling in conjunction with the Making Home Affordable Program (MHA), these funds will cover approximately 144,000 counseling sessions, a small portion of the nearly 4 million borrowers that will be eligible for loan modification through the MHA Program.

Current program activity data reflect the rapidly growing percentage of the Housing Counseling appropriation that is being consumed by foreclosure prevention counseling. During three quarters of fiscal year 2009, counseling agencies in HUD's Housing Counseling program report providing mortgage delinquency and default resolution counseling to approximately 894,500 households, using both HUD and non-HUD housing counseling funds. This level represents 45 percent of all counseling session types provided by agencies participating in the program. By contrast, in fiscal year 2007, counseling agencies in HUD's Housing Counseling program provided mortgage delinquency and default resolution counseling to 265,000 households, or 15.7 percent of all activity. For fiscal years 2011 and 2012, foreclosure prevention counseling could represent the majority of the services provided by agencies in the program.

HUD estimates that as much as \$30 million of the proposed appropriation will be spent on default counseling; serving approximately 55,000 households at an average cost of \$550 per household. While this number may seem low relative to the number of households at risk of foreclosure, the provision of intensive default counseling services is costly. Intensive default counseling, in addition to developing a budget and action plan for clients, includes on-going counseling and assisting the client with negotiating with the servicer as well as follow up with the clients. HUD believes that this type of intensive default counseling is necessary if a higher percentage of households are to realize loan modifications and other positive outcomes, so HUD intends to incent more intense levels of default counseling through its Housing Counseling Notice of Funding Availability (NOFA). Thousands of additional households will receive default counseling from HUD-approved housing counseling agencies because of the leveraged funds agencies are able to secure as a result of the significant investment by the Federal Government, including servicer funded counseling. This emphasis on default counseling will help counter foreclosure rates, which are reaching critical levels.

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Pre-Purchase and Rental Counseling Still Critical

To bring home price stability to local real estate markets, and break the cycle of foreclosures, the Government needs to focus some resources on programs that will help homebuyers purchase the excess supply of vacant properties. Pre-purchase counseling services would be the best way to prepare families to purchase these homes. Pre-purchase counseling is critical to help get homebuyers into the growing inventory of foreclosed properties and other properties that remain on the market for long periods of time. With home prices and interest rates low, it is an excellent time for first-time homebuyers. Moreover, billions are being invested to help local and state governments buy, rehab and sell foreclosed property. The Neighborhood Stabilization Program (NSP) actually requires 8 hours of homebuyer education for households assisted through NSP. The proposed Housing Counseling funding could support those and other efforts to sell foreclosed and other properties, and help generate demand for home purchases, which is critical to stabilizing neighborhoods and so desperately needed right now.

Many families simply do not understand the complex homebuying process. Many have no sense of how much home they can afford, what types of financing make the most sense for them, or how to improve their credit. A large portion of the American population lacks basic financial literacy. The crisis has created a level of awareness about the risks of making uninformed home financing decisions.

Housing counselors arm homebuyers with the information they need to make smart choices regarding homeownership. Pre-purchase housing counseling is one of the most cost effective ways 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. In their 2001 study entitled *A Little Knowledge is a Good Thing: Empirical Evidence of the Effectiveness of Pre-Purchase Homeownership Counseling*, Hiram and Zorn concluded that one-on-one counseling provided to first-time homebuyers can reduce delinquency by as much as 34 percent.

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. Many of the homeowners currently victimized by exotic subprime loans were simply unaware of less expensive and safer options, such as FHA-insured mortgages, for which they could qualify. Inadequate funding of the program could result in homebuyers continuing to make suboptimal choices regarding financing products and options. As part of the fall-out from the crisis, it has become clear that a number of families were defrauded by some party to the real estate or home financing transaction. These people often need legal expertise, which often comes from lawyers who work in conjunction with counseling agencies. The HUD network today includes some agencies who specialize in this type of service and some that partner with Legal Aid-type organizations to assist families who have fallen prey to predatory practices.

For fiscal year 2009, pre-purchase homebuyer counseling comprised approximately 9 percent and homebuyer education comprised approximately 5 percent of total activities reported by agencies participating in the program. HUD estimates that as much as \$9.5 million of the proposed appropriation will be spent on pre-purchase counseling, serving approximately 24,000 households; and estimates that as much as \$4.8 million of the proposed appropriation will be spent on homebuyer education, serving approximately 40,000 households. Of these totals, approximately half of the households assisted will be minorities. In 2009, 45 percent of all households counseled were minorities.

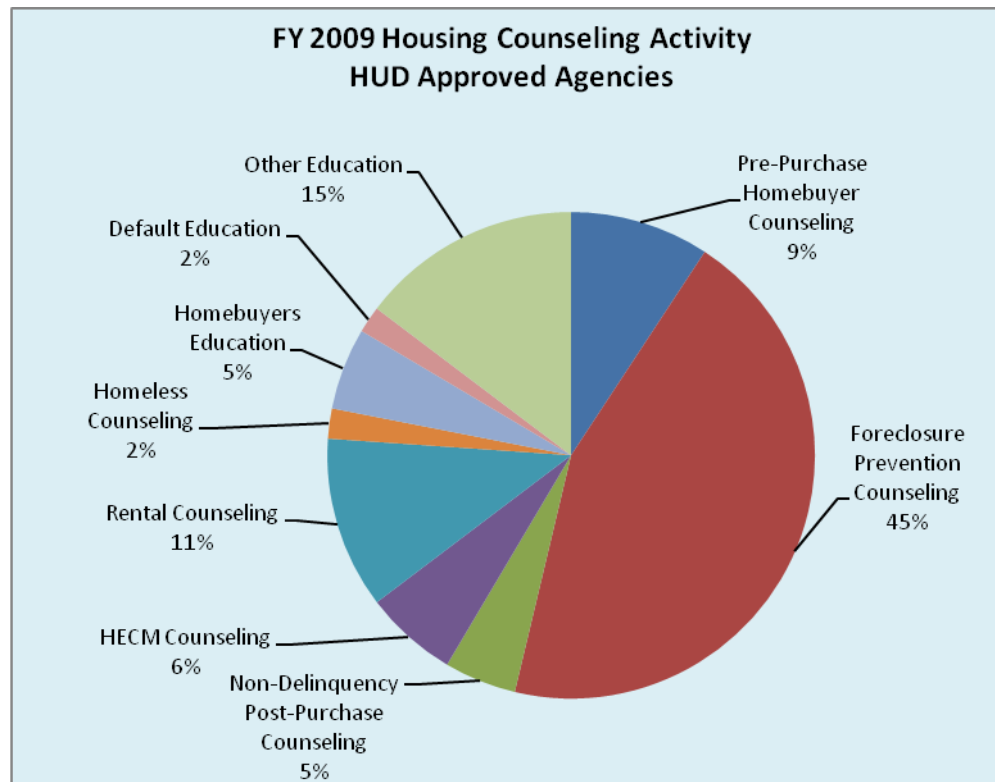
Rental counseling is also critical during the current foreclosure crisis. Many households are transitioning from homeownership to the rental market, or are being forced to find new rental housing. Given the depth of the economic crisis, many families simply will not be in a position to retain homeownership. The foreclosure crisis is also affecting many landlords, so with increasing frequency tenants are finding themselves being forced to move and locate new rental housing. Those who have been affected by poor economic conditions, who have suffered job losses, and whose source of income is no longer sufficient to make even minimal mortgage payments will need alternative housing. Therefore, the larger overall counseling effort must address this broader problem and offer solutions that will

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help families transition gracefully from one type of housing arrangement to another. A clear socioeconomic objective will be to keep families in their communities, where they have access to social support networks, health care, jobs, and where their children attend school. One of the best forms of assistance that could bolster any other government programs and efforts designed to address this larger social goal is rental counseling. Housing counselors traditionally provide housing “search” services, helping families find and access affordable rental housing and/or rental assistance. This type of service will continue to be critical and must be funded.

For fiscal year 2009, rental counseling comprised approximately 11 percent of total activities reported by agencies participating in the program. HUD estimates that as much as \$7.5 million of the proposed appropriation will be spent on rental counseling, serving approximately 30,000 households.

The following chart demonstrates the prominent role that pre-purchases, rental and other forms of counseling and education play in the Program:



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Demand for Housing Counseling

The demand for housing counseling services is high, due in large part to the state of the economy and housing market. Moreover, counseling services are also increasingly being required for Federal, state and local assistance. For example, both the NSP and Making Home Affordable Program (MHA), two major pieces of President Obama's strategy to address the housing crisis and the economic downturn, contain housing counseling requirements. Counseling is also statutorily required for FHA's Home Equity Conversion Mortgage (HECM). Many state and local governments, and other entities like the Federal Home Loan Bank, require homebuyer education and/or counseling for recipients of downpayment assistance, for example through the HOME Investment Partnerships program.

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Summary of Resources by Program
(Dollars in Thousands)**

Budget Activity	2009 Budget Authority	2008 Carryover Into 2009	2009 Total Resources	2009 Obligations	2010 Budget Authority/ Request	2009 Carryover Into 2010	2010 Total Resources	2011 Request
New Appropriation	\$65,000	...	\$65,000	\$19	\$86,625	\$64,981	\$151,606	\$87,120
Transformation								
Initiative (transfer)	...	...	...	...	875	...	875	880
Total	65,000	...	65,000	19	87,500	64,981	152,481	88,000

FTE	2009 Actual	2010 Estimate	2011 Estimate
Headquarters	14	15	15
Field	96	98	98
Total	110	113	113

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Housing Counseling Assistance	<u>Amount</u>
2009 Appropriation	\$65,000
2010 Appropriation/Request	86,625
2011 Request	<u>87,120</u>
Program Improvements/Offsets	+495

Proposed Actions

Housing Counseling Grants

The great majority of the fiscal year 2011 requested funds, \$78.6 million, are expected to be distributed competitively to National and Regional Intermediaries, Local Housing Counseling Agencies, multi-state agencies, and State Housing Finance Agencies to support the direct provision of housing counseling and education services, including pre-purchase, foreclosure prevention, and reverse mortgage 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 2010, approximately \$63 million of fiscal year 2009 appropriations was awarded to approximately 500 groups nationally, including 26 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.

Housing Counseling Activities	Estimated Distribution (\$ in Millions)
Foreclosure Prevention Counseling	\$29.97
Other Education	10.22
Pre-Purchase/Homebuyer Counseling	9.54
HECM Counseling	9.50
Rental Counseling	7.49
Homebuyer Education	4.77
Non-delinquency Post-Purchase Counseling	3.41
Homeless Counseling	1.36
Default Education	1.36
Fair Lending Abuse and Mortgage Fraud Counseling	1.00
TOTAL	\$78.62

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Education and Outreach

In responding to the housing crisis, HUD has learned that extensive and effective education and outreach is necessary to make the public aware of the available assistance options, for example the Making Home Affordable (MHA) Program and housing counseling. It is also critical to help households avoid the myriad mortgage rescue scams that prey on desperate families seeking assistance.

HUD intends to devote up to \$1 million of the funds set aside for contracts to support an existing, professional, aggressive, national education and outreach campaign combating mortgage rescue scams. Specifically, it is a multi-agency coordinated campaign involving Federal and state government, and the private sector, to target loan modification fraud and foreclosure rescue scams. Involved in the campaign are NeighborWorks America, the Treasury Department, Fannie Mae, HOPE NOW Alliance, and several other key industry stakeholders. The purpose of this significant investment in outreach is to make sure that the public understands that programs like MHA, and that quality housing counseling services are available through the agency conducting the outreach. This outreach will target mortgage rescue scams and minimize the number of households victimized.

Reverse Mortgage Counseling

It is estimated that \$9.5 million of the \$78.6 million being competed for direct counseling provision will be used to support reverse mortgage counseling. Reverse mortgages, like FHA's Home Equity Conversion Mortgage (HECM) program, help elderly homeowners convert equity in their homes into income that can be used to pay for home improvements, medical costs, or other living expenses. By allowing elderly Americans to tap into the equity in their homes, HECMs and other reverse mortgage loans help ensure that senior Americans have sufficient resources to live out their lives with dignity. They also reduce the likelihood that these seniors will need to rely on public assistance as they age.

For HECM recipients, counseling is required by statute. The \$9.5 million for reverse mortgage counseling is necessary in order to ensure that a sufficient supply of reverse mortgage counseling is available to meet that statutory requirement. During fiscal year 2007, many agencies stopped providing reverse mortgage counseling mid-year because they ran out of funding. The result was that elderly individuals could not close on their HECM mortgages, denying them additional income to meet housing, medical, and other expenses. State law, for example, in California, also mandates reverse mortgage counseling. Failure to sufficiently fund reverse mortgage counseling will deny thousands of seniors the critical counseling they need in order to secure a safe and affordable reverse mortgage, and leave them vulnerable to predatory lenders, annuity sales pitches, and other aggressive guidance that may not be in their best interest.

One form of foreclosure prevention available to seniors who are struggling to make their mortgage payments is to pay off an existing lien against the property with a reverse mortgage. Because the reverse mortgage product does not require lenders to credit qualify the borrowers, seniors with little income and/or poor credit scores (due to missed mortgage payments) would still be eligible. More importantly, the reverse mortgage requires no repayment until the borrower leaves the home. American Association of Retired Persons has been advocating and promoting the use of reverse mortgages to assist seniors in need as well.

With the rapid decline in the stock market, older Americans are becoming increasingly desperate as they look for income sources to support them in the retirement years. In fiscal year 2003, nationwide HECM endorsements totaled slightly over 18,000 loans. In fiscal year 2008, HECM endorsements reached over 112,000 loans; for fiscal year 2009, over 114,000 loans were endorsed by the HECM program. For fiscal years 2010 and 2011, HUD estimates over 120,000 HECM endorsements. Recent changes to the HECM program have increased the demand for reverse mortgages. During fiscal year 2009, the national loan limit was raised from \$362,790 to \$625,500, making the HECM program a practical option for a larger portion of the population, including high cost areas. Additionally, the

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Housing and Economic Recovery Act (HERA) of 2008 contained a HECM for Purchase provision, new authority allowing seniors to purchase a home and obtain a HECM loan in a single transaction.

Based on current trends the total cost of HECM counseling nationwide could exceed \$28 million in fiscal year 2012. This Budget requests only a portion of that projected total, with the anticipated balance to be paid with fees charged to consumers. Notably, HERA also prohibits lenders from funding of reverse mortgage counseling, eliminating a primary source of funding for this required counseling.

Training

This Budget request 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. The Housing Counseling program is requesting \$88 million for fiscal year 2011; of this amount \$6 million will support this competitive training initiative, making quality training accessible and affordable to the 5,324 counselors from the approximately 2,700 HUD-approved agencies. This investment is justified by the necessity to ensure that counselors are prepared to deliver the high quality and sophisticated counseling services, such as default and HECM counseling, demanded nationwide. Also justifying these training funds is the requirement in HERA that all HECM counselors meet qualification standards. To meet this requirement, HUD published a HECM counseling roster rule which requires all reverse mortgage counselors in the program to pass an exam every 3 years, and demonstrate the receipt of on-going training. This investment in training will help ensure that the reverse mortgage counseling services available through the Program are provided by knowledgeable and skilled counselors that are trained to provide high quality services that help protect the interests of elderly households. Moreover, the loan document review and identification of fair lending abuse and mortgage fraud role for counselors proposed in this justification is not currently widely performed by housing counselors in the Program. To add this service to pre-purchase and/or foreclosure prevention counseling, counselors would need extensive training to learn how to carefully examine loan documentation, helps consumers understand the information on the form, and identify potential indicators of mortgage fraud and fair lending abuse. This additional training is crucial considering that the new HUD-1 and Good Faith Estimate (GFE) are effective as of the beginning of 2010. Just as these improved documents will help consumers be better mortgage shoppers, they will also be a great to help counselors assist homebuyers and homeowners. The Department would contract with, or grant to, a qualified entity or entities to provide this necessary training, and make it affordable (preferably free) and accessible to housing counselors. In general, this investment will ensure that quality training is affordable and accessible to counselors nationwide.

Contract Expenses

The fiscal year 2011 Budget requests \$2.5 million for contract services, which will strengthen the program by allowing the funding of activities that would improve and streamline internal processes and controls, and improve the quality and impact of counseling services. Without broad contract authority, HUD has limited flexibility to creatively address, through the Housing Counseling Assistance program, critical and timely issues facing the nation, such as natural disasters, the foreclosure crisis, mortgage rescue scams, and mortgage fraud and fair lending abuse. Contract authority and funding would allow for an aggressive national education and outreach campaign designed to promote the availability of counseling and combat rescue scams. It could also allow for the timely production of materials, such as revised handbooks, as well as innovative activities, such as: developing standards, for example for internet and other forms of counseling; developing counselor testing and certification; targeted marketing and outreach, for example to disaster victims; and supporting Presidential initiatives such as the MHA program.

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Justification of Proposed Changes in Appropriations Language

The fiscal year 2011 President's Budget includes proposed appropriations language listed below. New language is italicized and underlined, and language proposed for deletion is bracketed.

For contracts, grants, and other assistance excluding loans, as authorized under section 106 of the Housing and Urban Development Act of 1968, as amended, [\$87,500,000] *\$88,000,000*, including up to \$2,500,000 for administrative contract services, to remain available until September 30, [2011] *2012*: *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/literacy, and such other matters as may be appropriate to assist them in improving their conditions, meeting their financial needs, and fulfilling the responsibilities of tenancy or homeownership; for program administration; and for housing counselor training[: *Provided further*, That of the amounts made available under this heading, not less than \$13,500,000 shall be awarded to HUD-certified housing counseling agencies located in the 100 metropolitan statistical areas with the highest rate of home foreclosures for the purpose of assisting homeowners with inquiries regarding mortgage-modification assistance and scams]. (*Department of Housing and Urban Development Appropriations Act, 2010*)

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**HOUSING
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Crosswalk of 2009 Availability
(Dollars in Thousands)**

<u>Budget Activity</u>	<u>2009 Enacted</u>	<u>Supplemental/ Rescission</u>	<u>Approved Reprogrammings</u>	<u>Transfers</u>	<u>Carryover</u>	<u>Total 2009 Resources</u>
New Appropriation	\$65,000	...	...	...	...	\$65,000
Transformation Initiative (transfer)	<u>...</u>	<u>...</u>	<u>...</u>	<u>...</u>	<u>...</u>	<u>...</u>
Total	65,000	...	...	...	...	65,000

NOTE: In fiscal year 2008, the Housing Counseling Assistance program was funded as a set-aside in the HOME Investment Partnerships program and obligations and outlays from previous years are reflected in the HOME program account.

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Crosswalk of 2010 Availability
(Dollars in Thousands)**

<u>Budget Activity</u>	<u>2010 President's Budget Request</u>	<u>Congressional Appropriations Action on 2010 Request</u>	<u>2010 Supplemental/ Rescission</u>	<u>Reprogrammings</u>	<u>Carryover</u>	<u>Total 2010 Resources</u>
New Appropriation	\$100,000	\$86,625	...	...	\$64,981	\$151,606
Transformation Initiative (transfer)	...	<u>875</u>	<u>875</u>
Total	100,000	87,500	64,981	152,481

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HOUSING HOUSING COUNSELING ASSISTANCE Program Offsets (Dollars in Thousands)

Transformation Initiative (transfer)	<u>Amount</u>
2009 Appropriation .....	...
2010 Appropriation/Request	\$875
2011 Request	<u>880</u>
Program Improvements/Offsets	+5

Proposed Actions

The Transformation Initiative allows the Secretary the necessary flexibility to undertake an integrated and balanced effort to improve program performance and test innovative ideas. One percent of the funds appropriated for the Housing Counseling Assistance program may be transferred to the Transformation Initiative account to undertake research, demonstrations, technical assistance, and technology improvements.