

April 30, 2020

Dear Speaker Pelosi, Leader Hoyer, Leader McCarthy, Chairwoman Waters, Chairwoman Lowey, Ranking Member Granger, Ranking Member Henry, Chairman Price, and Ranking Member Diaz-Balart:

The COVID-19 pandemic has quickly precipitated into an economic crisis and continues to substantially weaken the financial footing of American households across the country. As we learned from the last financial crisis (2007-2009), as devastating spikes in national unemployment upended the lives of millions of American families, the nation's housing market also suffered. As Congress considers relief for homeowners and renters, they should ensure all Americans can access relief by providing funding for housing counseling and eviction prevention.

American families, especially minority households who are more likely to lose their jobs in this current crisis, will need immediate access to a variety of resources and relief programs made available by the federal government and by creditors.

Early intervention matters. Borrowers who receive counseling in the early stages of default are far more likely to receive a loan modification and keep their homes than those who received counseling when they were seriously delinquent or in foreclosure. The need for housing counseling, however, will continue into 2021 because foreclosures are a lagging indicator of housing market health. The Great Recession ended in 2009, but monthly foreclosures did not peak until the summer of 2010. While many states and the federal government have enacted temporary bans on foreclosure, these short-term solutions are likely to expire well before foreclosures escalate.

To combat the current economic crisis and its impact on homeowners and renters and prepare for what lies ahead, we request an appropriation in CARES 2.0 legislation of \$700 million in federal support for housing counseling through the Housing Counseling Assistance Program, including counseling and mitigation services through a new Housing Counseling and Foreclosure Mitigation (HCFM) program.

Counseling funding should be targeted toward maintaining and building the capacity of housing counseling agencies to provide a full range of counseling and mitigation services, including: pre-purchase counseling; foreclosure and eviction prevention counseling; credit counseling; default counseling; facilitating outreach to creditors and access to mortgage relief programs; facilitating access to legal service providers; and assisting homeowners in understanding the options available to avoid losing their home.

Studies show that housing counseling improves outcomes for families struggling with their mortgage. Counseling significantly increases a borrower's likelihood of receiving a loan

modification or coming to some workout other than foreclosure. Rental counseling services prevent homelessness and eviction by helping renters locate, secure, and retain affordable rental housing.

Thank you for your consideration. These funds would help potentially millions of people and their families remain in their homes.

Sincerely,

Americans for Financial Reform
Catholic Charities USA
Center for New York City Neighborhoods
Center for Responsible Lending
Chicanos Por La Causa
Consumer Federation of America
Habitat for Humanity International
HomeFree-USA
Housing Action Illinois
Housing Partnership Network
Local Initiatives Support Corporation (LISC)
Minnesota Homeownership Center
NAACP
National Association for Latino Community Asset Builders (NALCAB)
National Coalition for Asian Pacific American Community Development (National CAPACD)
National Community Reinvestment Coalition
National Consumer Law Center (on behalf of its low-income clients)
National Fair Housing Alliance
National Housing Resource Center
National Rural Housing Coalition
National Urban League
Neighborhood Housing Services of Chicago, Inc.
Poverty & Race Research Action Council
The Leadership Conference on Civil and Human Rights
UnidosUS