

Language Access Multi-Year Plan



MAY 2018

*Supporting Mortgage-Ready
Limited English Proficiency Borrowers*

Developed by



Fannie Mae

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with



Federal Housing Finance Agency

Contents

Overview and Purpose 2

Key Findings Shaping Multi-Year Plan 2

The Plan 3

 Milestones for 2018 and Beyond..... 3

 Projected Enterprise 2018 Activities by Quarter 5

 Projected Enterprise Post 2018 Activities 6

Overview and Purpose

In 2018, the Federal Housing Finance Agency (FHFA) along with Fannie Mae and Freddie Mac (the Enterprises) are launching a multi-year plan to improve the ability of mortgage-ready limited English proficiency (LEP) borrowers to understand and participate in all facets of the mortgage life cycle.

This initiative stems from FHFA's *2017 Scorecard for Fannie Mae and Freddie Mac*, which required the Enterprises to identify major obstacles for LEP borrowers in accessing mortgage credit, analyze potential solutions, and develop a multi-year plan to begin implementing in 2018. To fulfil these requirements, the Enterprises conducted interviews and focus groups with borrowers whose primary language was not English and with lenders and servicers. These interviews and focus groups tested reactions to a language preference question on the Uniform Residential Loan Application (URLA) and a separate disclosure for borrowers on preferred language. They also provided key insights into how LEP borrowers engage in the mortgage process and how lenders and servicers engage with them.

In addition, FHFA and the Enterprises conducted outreach to industry and consumer groups on these issues. FHFA also issued a public Request for Input (RFI) on issues facing mortgage-ready LEP borrowers throughout the mortgage life cycle to better understand the experiences of these borrowers and the mortgage industry participants who serve them. FHFA and the Enterprises analyzed responses from these outreach efforts and from the public responses to the RFI.

Key Findings Shaping Multi-Year Plan

This multi-year language access plan was developed based on the common findings from these analyses, including:

- *Common Terminology:* Accurate translations and standardized industry-approved mortgage terms are key to any effort.
- *Resource Availability & Trustworthiness:* Language resources exist, but they are not centrally collected, are not readily available, and are not uniformly considered reliable. Consumers and lenders may not be able to find these materials and are hesitant to use them. Top reasons cited are consumer lack of trust in resources and lender fear of liability if resources are used.
- *Participation from Experts:* Additional input from government agencies, advocates, and industry experts is needed to develop best practices and LEP solutions.

- *Human Interaction Needed:* Borrowers need human interaction with knowledgeable persons who can help explain the complexities of the mortgage process.

The Plan

In light of these key findings, FHFA along with Fannie Mae and Freddie Mac are beginning to implement the multi-year plan described below. The milestones for 2018 include critical and basic steps to improve the ability of mortgage-ready LEP borrowers to understand and participate in the mortgage process. Steps contemplated beyond 2018 expand efforts to address those needs and allow for further development of opportunities to support LEP borrowers. The plan will continue to be updated and refined as needed based on additional experience and input.

Milestones for 2018 and Beyond

- *Clearinghouse:* Create a clearinghouse hosted by FHFA to provide a centralized collection of resources, e.g., translated mortgage documents, in-language glossaries, and other educational mortgage materials, to assist lenders, servicers, and housing counselors in serving LEP borrowers. Phase 1 of the clearinghouse (2018 implementation) is designed to enable lenders, servicers, and housing counselors to access existing Enterprise materials, as well as materials from other government agencies. Additional stages, e.g. adding a consumer face and functionality in additional languages, will be implemented in subsequent phases.
- *Language Access Working Group:* Establish a language access working group as a forum for representatives from the housing industry and consumer organizations who interact with and support LEP consumers to provide FHFA and the Enterprises their insights, commentary, and experiences related to serving these consumers. In 2018, FHFA and the Enterprises will focus on gathering input from working group members about the elements of this plan.
- *Disclosure:* Develop a disclosure (translated in top five languages) that can accompany the Preferred Language Question on the URLA and be used more generally to make clear that not all communications related to a mortgage transaction will be in the preferred language selected by the consumer.
- *Glossaries:* Develop translated glossaries that will play a foundational role for improving language access by establishing a common terminology that will serve as the standardized translation for all other documents. The glossaries will include mortgage and real estate terms translated into the five most common non-English languages spoken

by LEP households in the United States according to the US Census (Spanish, Vietnamese, Korean, Chinese, and Tagalog). To the extent feasible, the glossaries will be developed in collaboration with regulatory agencies. The Spanish translation of the glossary will be completed during 2018. Glossaries in the additional languages will be completed thereafter.

- *Translated URLA*: The URLA has been translated into Spanish and translation into the additional languages will be completed during the next two years.
- *Language Access Line*: Develop and implement a language access line. While testing showed that translated documents are helpful, the goal is to provide consumers with assistance from housing counselors and others in each of the specific languages as expeditiously as possible. The language access line will help connect LEP borrowers via a call center to housing counselors or other resources that will be able to provide such assistance.

Projected Enterprise 2018 Activities

	First and Second Quarters	Third and Fourth Quarters
Clearinghouse	<ul style="list-style-type: none"> ○ Support efforts to define clearinghouse roles, responsibilities, phase 1 scope, and location/website owner. ○ Begin identifying content for phase 1 of the clearinghouse using input and insights gathered from the Language Access Working Group. ○ Begin defining clearinghouse standards for adding and approving content in later phases. ○ Coordinate with FHFA to develop a marketing plan for the clearinghouse. ○ Coordinate with FHFA to transfer the preliminary content for phase 1 of the clearinghouse. 	<ul style="list-style-type: none"> ○ Finalize phase 1 clearinghouse standards for adding and approving content. ○ Coordinate with FHFA to finalize the marketing plan for phase 1 of the clearinghouse. ○ Launch phase 1 of clearinghouse.
Language Access Working Group	<ul style="list-style-type: none"> ○ Define Language Access Working Group roles, responsibilities, and scope. ○ Identify and invite industry, consumer advocate, and other participants. ○ Identify cadence and governance. ○ Convene meeting(s) and provide agenda of prioritized tasks. ○ Continue meetings at agreed upon cadence, including any needed working groups on specific topics. 	<ul style="list-style-type: none"> ○ Continue meetings at agreed upon cadence, including any needed working groups on specific topics.
Disclosure	<ul style="list-style-type: none"> ○ Review the tested, translated disclosure. ○ Format any needed changes and release. 	
Glossary	<ul style="list-style-type: none"> ○ Identify and finalize key terms in English, using existing mortgage-related glossaries. ○ Begin drafting RFP for outsourcing translations. ○ Issue RFP and review vendors for Spanish translation. Consider, if appropriate, vendors who can translate into multiple languages. 	<ul style="list-style-type: none"> ○ Award contract to vendor(s). ○ Working with regulatory agencies to the extent feasible: <ul style="list-style-type: none"> ○ Begin and complete Spanish translation of glossary. ○ Review English and Spanish glossaries with language experts. ○ Include completed and reviewed glossaries in clearinghouse.
Multi-year Plan	<ul style="list-style-type: none"> ○ Finalize with FHFA a multi-year language access plan. 	<ul style="list-style-type: none"> ○ Provide any needed updates and revisions to multi-year plan.

Projected Enterprise Post 2018 Activities

	2019	2020
Clearinghouse	<ul style="list-style-type: none"> ○ Responsible party (parties) maintain(s) clearinghouse. ○ Begin additional stages of clearinghouse including glossaries and URLA translations in two additional languages. ○ Support FHFA efforts for the second phase of clearinghouse development. 	<ul style="list-style-type: none"> ○ Responsible party (parties) maintain(s) clearinghouse. ○ Continue additional stages of clearinghouse including glossaries and URLA translations in two additional languages. ○ Support FHFA efforts for the second phase of clearinghouse development.
Language Access Working Group	<ul style="list-style-type: none"> ○ Continue Language Access Working Group meetings at agreed upon cadence. 	<ul style="list-style-type: none"> ○ Continue Language Access Working Group meetings at agreed upon cadence.
Glossary	<ul style="list-style-type: none"> ○ Create additional glossaries in two additional languages. 	<ul style="list-style-type: none"> ○ Create remaining glossaries in two additional languages.
Language Access Line		<ul style="list-style-type: none"> ○ Plan for and design language access line.



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