

April 26, 2006

Dear Federal Housing Finance Board:

Housing and Credit Counseling, Inc., a HUD-certified Housing Counseling agency that has been involved in the Homebuyer Set-Aside program as well as competitive AHP-funded projects, writes today to comment on the Homebuyer Counseling aspects of the proposed changes in AHP rules.

First, we want to applaud our Federal Home Loan Bank of Topeka for their leadership in developing Homebuyer Counseling and Education content and delivery standards well ahead of many in the nation, and their continued support for counseling. Through their experience, and ours with them and on our own in Kansas, we feel there are some key comments to be made.

Overall, we appreciate the flexibility for the various banks offered by the proposed rule changes. At the same time, we have seen how critical support for homebuyer counseling -- and quality and timely homebuyer counseling -- is for there to be meaningful programs at all.

With the flexibility proposed, then, we feel that there needs to be a corresponding definition of what good quality homebuyer counseling is, and a clear message to the member banks that where counseling is required, that it be top quality. Our preference would be that these rules would define that quality, and set it as a standard for all Banks. Ideally, we would like to see direction, further, from the FHFB, that required homebuyer counseling be timely - that meaning that it occurs before loan applications and/or contracts to purchase are executed. In addition and/or in the alternative, we request that the rules clearly give the Banks the authority to set their own standards, and the assurance that the FHFB will support them. (Our Bank has reported that regulators have "dinged" them for setting their standards as high as they have had them. So, they have backed off. There is really no point in requiring counseling if the banks cannot set high standards, and then be supported, all the way up to the top.)

Rural Development (Federal Register March 6, 2006) is currently considering rules that will require homebuyer counseling for their products. The recommendation for the definition below is drawn from their draft language as well as our suggestions to them.

Accordingly, we recommend the following changes in the proposed rules:

Section 951.1 Definitions Add a definition for Homebuyer Counseling. We suggest that it read, "*Homebuyer Counseling* means a meaningful class and/or counseling session, offered by a recognized homebuyer counseling organization, that covers at least Preparing for Homeownership (evaluate readiness to go from rental to homeownership), Budgeting (Prepurchase budget and credit readiness as well as a Postpurchase plan, including establishing an affordable target monthly mortgage payment and allowance for maintenance reserve), Shopping for a Home (setting priorities, selection and inspection), Obtaining a Mortgage (mortgage process, different types of mortgages), Loan Closing (closing process, documentation, closing costs) and Life as a Homeowner (homeowner warranties, maintenance and repairs, predatory lending precautions). These sessions should occur prior to the homebuyer making loan application or signing a contract to purchase."

Section 951.5(a)(2)(ii) Add language that says, "Banks shall have the discretion to set their own standards of homebuyer counseling, to be met by the counseling program(s)."

Section 951.6(c)(2)(ii) Again add language that says, "Banks shall have the discretion to set their own standards of homebuyer counseling, to be met by the counseling program(s)."

As reference points, we are attaching our Certificate of Homebuyer Counseling and our sample Kansas Commitment to Homebuyer Education. Tools like these are critical to ensure that Homebuyer Counseling, where required, is meaningful and is fully supported.

Thank you for the opportunity to comment. Please feel free to contact us if we can assist further.

Karen A. Hiller, Executive Director
Housing and Credit Counseling, Inc.
(785) 234-0217 x308 khiller@hcci-ks.org

HCCI.... helping consumers achieve housing and financial goals and resolve related difficulties with dignity.

Kansas Commitment to Homebuyer Education

_____ commits to support **timely and quality homebuyer education** in the State of Kansas.

By support, we mean by requiring and striving for quality in every aspect – loan products, marketing, counseling, and education.

By timely, we mean that homebuyer education occurs before a home is selected or loan application is completed.

By quality, we mean that all elements of the Federal Home Loan Bank of Topeka’s content standards and delivery standards have been met, including a reasonable amount of time for the delivery.

We commit to using/requiring certificates of education that specifically detail that timely and quality counseling has been completed in all of our programs.

Authorized Representative

Institution/Organization

Date



Kansas Home Buyer Opportunities

Housing Counseling Certificate

Borrower: _____ **Date:** _____

Counseling Was Delivered: A. **Face-to Face** : Individual Group
B. **Indirect** : Phone Book Video

Curriculum Used: # of Sessions: _____ Minutes / Hours: _____

Covered Content:

- | | | |
|--|--|---|
| <input type="checkbox"/> Rent vs. Buy | <input type="checkbox"/> Mortgage/Analyses | <input type="checkbox"/> Insurance |
| <input type="checkbox"/> Budgeting | <input type="checkbox"/> Move-in Costs | <input type="checkbox"/> Closing |
| <input type="checkbox"/> Credit | <input type="checkbox"/> Home Search | <input type="checkbox"/> Move-In |
| <input type="checkbox"/> Affordability | <input type="checkbox"/> Realtors | <input type="checkbox"/> Homeownership Responsibilities |
| <input type="checkbox"/> Debt Ratios | <input type="checkbox"/> Home Inspections | <input type="checkbox"/> Predatory Lending |
| <input type="checkbox"/> Budget-Based | <input type="checkbox"/> Offers/Counters | <input type="checkbox"/> Delinquency Prevention |
| <input type="checkbox"/> Loan Products | <input type="checkbox"/> PITI | |

Counseling Timely:

- Home is not yet selected Loan Application has not yet been completed

Homebuyer

Counselor

Homebuyer

Institution/Organization

Training provided by :



1195 SW BUCHANAN, SUITE 101, TOPEKA, KANSAS 66604 • TOPEKA : 785-234-0217
STATEWIDE: 1-800-383-0217 • FAX: 785-234-0237
EMAIL: hcci@hcci-ks.org • WEB: www.hcci-ks.org