



A stronger Illinois begins at home

June 5, 2014

Charlene Young
Administrative Assistant
Office of General Counsel
Regulations Division
Department of Housing and Urban Development
451 7th Street SW Room 10276
Washington, DC 20410-0001

**Re: Docket No. FR-5786-N-01
Federal Housing Administration (FHA)
Homeowners Armed With Knowledge (HAWK) for New Homebuyers**

Dear Ms. Young:

This letter is submitted by Housing Action Illinois in response to the notice of proposed four year housing counseling pilot, "HAWK for New Homebuyers" and request for public comments by the U.S. Department of Housing & Urban Development, published in the Federal Register on May 15, 2014.

Housing Action Illinois is a statewide coalition formed to preserve and expand the availability of quality, affordable housing throughout Illinois. Our coalition includes over 165 nonprofit member organizations, including housing counseling agencies, homeless and supportive service providers, and developers of affordable housing.

Housing Action Illinois applauds the efforts put in place by The Federal Housing Administration (FHA) in helping homeowners navigate the complexity of acquiring a mortgage. This strategy serves an attempt to address the constant tight underwriting guidelines that prevent the liquidity in the mortgage markets. In such a weak market for home purchases, it is our opinion that FHA is taking the necessary steps to ensure that many of these loans materialize in home sales.

Although the number of loan originations can be a gauge of the financial industry, the key to maintaining a strong pull-through rate is for lenders to better communicate and work in collaborative manner with the borrowers and housing counselors. Not setting the proper expectations by either party can create difficult deals and unnecessary barriers. Housing counseling can improve prospective borrowers' access to affordable, and prudent mortgage.



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By contrast, there is a concern of ambiguity in the lack of specifics on how housing counseling agencies will recover the adequate payment for its services. By having these agencies rely on their current funding sources and potential consumers as a way to off set their costs, does not minimize the potential financial negative impact.

Although Housing Action Illinois supports incorporating housing counseling as a key component to the HAWK pilot program, the issue of repayment, quality control and compliance are of great concern. With an overall decreasing in funding, HUD needs to offer tangible solutions that can subsidize the expected cost incurred by the housing agencies.

Another point of contingency is that not all HUD-approved counseling agencies are registered in the Federal Housing Administration's Connection (FHAC) system and therefore limits the pool of participants. Currently, the FHAC system is primarily designed for FHA-approved lenders to have real-time access to the origination or servicing of FHA loans. Such regulatory concern can limit the access to housing counseling and discourage many borrowers and lenders from participating in the HAWK pilot program.

Lastly, Housing Action Illinois encourages HUD to undertake a public education and outreach campaign to educate borrowers and lenders about working with a HUD-certified counselor in order to avoid misunderstanding and the potential for fraud.

Please note that Housing Action Illinois welcomes comments on HUD's proposed pilot program no later than Monday, June 30, 2014. To discuss any of these comments or for further details, please contact Julio Soriano, Technical Assistance Program Coordinator, at 312-939-6074 x 112 and/or Julio@housingactionil.org.