



Federal Housing Finance Agency
Office of Housing and Regulatory Policy
400 7th Street, S.W., 9th floor
Washington, D.C., 20219

July 31, 2017

Re: Request for Input to Improve Access to Credit for Qualified Mortgage Borrowers with Limited English Proficiency

Dear Representative,

The National Coalition for Asian Pacific American Community Development (National CAPACD) and the undersigned organizations submit the following comments in response to Federal Housing Finance Agency's (FHFA) Request for Input to Improve Access to Credit for Qualified Mortgage Borrowers with Limited English Proficiency.

National CAPACD is a coalition of more than 100 community-based organizations, including housing counseling agencies, community development corporations, preservation agencies, community-based social service providers, and advocacy agencies. Our members are in 21 states and the Pacific Islands, implementing innovative affordable housing, community development and community organizing strategies to improve the quality of life of low-income Asian American Pacific Islander (AAPI) communities.

The Asian American and Pacific Islander community has great diversity and is often misunderstood in terms of its history in the U.S., economic position and role in the struggle for racial and social justice. The AAPI community includes Native populations that pre-date the formation of the United States, including Native Hawaiians, as well as immigrant populations arriving from the regions of East Asia, South Asia, and South East Asia as far back as the mid-1700s to today's newest Americans. As a result, the community also has a very diverse base of status in the U.S. including citizens, refugees, COFA migrants, native Hawaiians, temporary status and undocumented.

The AAPI community is the fastest growing racial group in the country, growing over four times as rapidly as the total U.S. population, and is expected to double to over 47 million by 2060. While some AAPIs live in prosperity, AAPIs living in poverty increased from 1.16 million to 1.73 million, for an increase of 46% for Asian Americans. Over the same period, Native Hawaiian and Pacific Islander (NHPI) poverty increased by 77% - reaching 12.1% for Asian

Americans and 18.8% for NHPIs in 2010. AAPIs have suffered a severe loss in wealth since the recession and housing crisis. A 2011 Pew Research Center study found that Asian American net worth fell 54% from 2005 to 2009 compared with a 16% decline for whites.

The majority of National CAPACD's members are based in the larger and highest cost cities. AAPIs living in poverty are concentrated in a limited number of metropolitan statistical areas (MSAs) with more than 50% of the total AAPI poor living in the top ten MSAs compared to 25% of the nation's poor population. AAPIs are also disproportionately concentrated in metro areas with the highest housing costs.

For the past eight years, National CAPACD has fostered the growth of a network of 20 HUD-approved Counseling Agencies that serve LEP immigrants and refugees in 16 geographic regions and have the ability to serve over 25 different languages and dialects. National CAPACD provides technical support on program design, reporting and compliance, training for housing counselors, and leveraged over \$5 million in resources resulting in assistance to over 36,000 families since 2009. These organizations currently provide housing counseling in a diverse set of languages including: Bengali, Burmese, Bhutanese, Cantonese, French, Hindi, Hmong, Laotian, Mandarin, Mon, Nepali, Punjabi, Urdu, Spanish, Tagalog, Thai, Tibetan, and Vietnamese.

We are the country's only HUD-approved national housing counseling intermediary specifically focusing on the needs of the AAPI community. From October 2010 to January 2017, National CAPACD served 45,964 clients through group workshops (26,493) and one-on-one counseling (19,471); 71% of total clients served are Asian American, Native Hawaiian, and Pacific Islander (32,643). National CAPACD also works extensively with the LEP population. From October 2015 to September 2016, our network served 8,232 clients. Of those clients, nearly 50% are LEP.

We thank FHFA for providing a forum to comment on the needs of LEP populations and applaud FHFA for taking affirmative steps towards addressing the issues faced by LEP borrowers. Language access continues to be a significant hurdle for AAPI households. Collectively, AAPIs speak more than 100 different dialects and represent more than 50 different ethnic groups. Many low-income AAPI communities also include a high proportion of LEP families. According to the U.S. Census, approximately 71% of Asian Americans speak a language other than English at home, compared to 20% of the total population. Of these, 32% of Asian Americans and 8% of Native Hawaiians and Pacific Islanders are considered LEP, compared to 9% of the total U.S. population. Households who speak English as a second language, or who cannot read English, are particularly disadvantaged in their ability to review and understand mortgage terms, statements and notices related to the status of their home mortgage as well as any other financial products. As such, many LEP households are more likely to be victims of outright or perceived

fraud or misconduct by servicers.

Existing Processes and Tools

After surveying our membership, there does not appear to be many formal processes for assisting LEP clients, and the level of help each client receives is evaluated on case by case basis. To holistically serve clients, our member organizations have to provide clients with resources such as English as a Second Language (ESL) and/or financial literacy classes, and also provide referral options when necessary. When a counselor refers to an agency that does not speak the language, the counselor must stay with the client through the process to ensure he or she is receiving adequate assistance. Counseling a client through the housing process requires significant time, effort, and money.

LEP clients usually require additional translation assistance for official letters and loan documents that are only available in English. Counselors face challenges because many English legal terms are not easily translated into different languages. Additionally, many regions of the world manage income and credit differently, and basic terms like “mortgage” or “foreclosure” do not have equivalents in other languages. Translation of such terms takes time and research by region, and may not be an exact translation.

Banks in the Chicago Chinatown area, such as US Bank, Citi Bank, Cathay Bank, Pacific Global Bank, Lakeside Bank, Chase Bank, have bilingual or even multi-lingual staff that can help LEP borrowers comprehend documents. These banks developed their own processes or tools, but loan documents are exclusively in English, and still pose a significant challenge for LEP borrowers. Unfortunately the bilingual staff these banks usually do not explain or translate the contents of the loan documents in details for LEP borrowers.

One of our members in Houston has reported that some employees at banks turn away LEP individuals because they do not know how to handle these clients, and they may tell clients they don't have the resources to give them in-language assistance. This could be because the loan officer is unwilling to assist LEP clients, they are not aware of resources to help the client, or they may not want to take on any legal risk in assisting the clients. At many banks, only the branch manager at best would know how to properly help a LEP client. Many banks have bilingual and multilingual staff able to help clients with oral translation, but some banks also have limited capacity to translate documents.

Current Barriers to Address Language Access

The current infrastructure for LEP homebuyers and homeowners provided by lenders and

servicers often fails to adequately meet their needs. As a result, LEP homebuyers often fail to fully understand critical terms of their mortgage, such as whether the interest rate is fixed or adjustable. Likewise, in the mortgage servicing process, LEP homeowners are often unable to orally communicate with their servicer in their preferred language, and servicers refuse to send or receive documents in non-English languages. This is especially problematic because it can lead to LEP homeowners missing out on opportunities such as loan modification offers because they are unable to understand communications from the mortgage servicer.

Groups in our network reported that one of the thresholds and most significant barriers for LEP homebuyers is that they are not aware of housing counseling services entirely. Only when a client utilizes housing counseling services can counselors develop a coaching relationship with clients to provide support. For AAPI LEP clients, developing trust and rapport is extremely important. AAPI LEP clients depend on their network to find trustworthy people to help them through the process. Even if translation services are offered, AAPI clients are unwilling to work with counselors until they trust them.

After counselors refer clients to language services, another set of problems arise around linguistic accuracy. While banks may have interpreters, they do not always have the vocabulary to fully assist LEP clients. One organization in our network, Asian American Housing Counseling (AAHC) from Rockville, Maryland reported that while big lenders will have hundreds of bilingual employees in their network to help with any LEP clients, the challenge is accessing the right mortgage program for that individual client. For clients who have lower education levels and do not understand the terminology, interpreters are unable to answer their questions without using overly sophisticated language that the clients may not understand.

National CAPACD is also concerned about the lenders taking advantage of vulnerable LEP clients. Our network member Chhaya CDC in Jackson Heights, Queens, NY - where there are more languages spoken than any other zip code in the U.S. - reported that due to language barriers and hours of availability, LEP clients often choose to work with lenders who speak their language. They do not shop around, and do not understand the process, often letting the brokers decide which lender to go with and end up working with a one shop stop-where the broker is referring them to lenders, attorneys and other housing professionals. Sometimes the choices made by the brokers are not in the best interest of the clients.

Finally, because loan forms are not in language, LEP borrowers are often denied loans because the client does not fully understand what they are being asked to submit. One specific instance that highlights this challenge is when clients piece together gift money to fulfill the down payment. There are specific documentation requirements for this type of income, and banks do not adequately explain this in-language to the client. When the client submits documentation, it is rejected because it does not meet the requirements. This creates confusion and further

frustration for the client, which can lead to the client deciding to forego the home-buying process altogether.

Policy Recommendations and Potential Actions to Improve Language Access

1. Partnerships with Local Organizations

To most efficiently broaden access and awareness of LEP services, FHFA should partner with nonprofit organizations that provide LEP assistance and support outreach to LEP borrowers. Some local organizations like one of our network members, Philadelphia Chinatown Development Corporation (PCDC), have strong relationships with their local banks and are aware of the ones that provide help. In Philadelphia, PCDC is aware of banks that offer first-time homebuyer programs with at least one Chinese-speaking staff, even if the staff member does not work in the lending department. With these partnerships, PCDC delivers a portion of the materials and provides translation for the bank representative.

FHFA should also provide funding to have curriculum translated in-language. Previous curricula such as Credit Smart Asian have proven to be very useful by our network and continued translation of this and new curricula in multiple languages would be extremely helpful in creating standard language in the industry. This could significantly ease the burden on in-language housing counselors and create greater efficiency and allow organizations to serve more clients. Small organizations like PCDC do not have the capacity to perform all translation services and are unable to review all loan documents with clients. For PCDC to accommodate all clients, clients must make appointments in advance, which slows the home buying process.

Partnering with community organizations, housing counseling agencies, places of worship, schools, and businesses is essential to ensure that borrowers are informed about the availability of these services when they make mortgage decisions. These trusted groups in the community could help to create in-language handouts and flyers to encourage borrowers to ask for in language services. If banks have in-language services readily available, they can create marketing materials to inform borrowers.

2. Better Track the Needs of Diverse Communities

Data disaggregation is a key component to better understanding the barriers and possible solutions to language access. For instance, with 40% of Asians and 15% of Native Hawaiians and Pacific Islanders speaking English “less than very well,” LEP AAPI borrowers are more vulnerable to predatory lending and abusive or deceptive servicing practices.

First and foremost, FHFA should prioritize data collection in every step possible. Linguistic needs are notoriously underreported. A small but important step towards improving language access in the mortgage industry would be to include a preferred language data field in their

redesigned Uniform Residential Loan Application (URLA). The URLA is used by virtually all lenders, so including preferred language data fields on the URLA would ensure that mortgage originators and servicers would have the information on virtually every borrower's preferred language. Including preferred language fields in the URLA would also ensure that the preferred language information would travel with the other mortgage information for the life of the loan, so future servicers would retain the information in the event that the loan is sold or transferred. By collecting this data, this would help to further evaluate the need for cultural and linguistic procedures and forms for LEP clients throughout the home-buying process.

National CAPACD worked very closely with the Consumer Financial Protection Bureau on the Home Mortgage Disclosure Act (HMDA) on creating improvements in the collection and reporting of data that monitors home buying trends across the country, including better data collection on the AAPI community. The recent additional option of providing race and ethnicity data in HMDA data collection through the URLA is a good first step but preferred language would provide more accurate and useful information given the diversity of languages spoken.

3. LEP Outreach, Engagement, and Education

Housing counseling, legal aid, and other community networks are consistently sought after to do the lion's share of consumer outreach when new federal programs are put into operation. This is especially true in low-income immigrant communities where many local residents are LEP and require culturally and linguistically sensitive services. While these organizations are very effective in helping LEP communities, they operate on extremely lean budgets and should not bear the burden and cost of outreach. If possible, FHFA should reserve a source of funding to assist these organizations that help LEP borrowers.

The FHFA should make marketing to non-English speakers an inherent aspect of their programs and services. When appropriate, FHFA forms should include information on how to contact a local HUD-certified housing counseling agency or legal aid agency. Furthermore, forms should include resources to assist LEP borrowers find language-capable counseling services in their communities.

Greater collaboration between lenders and housing counseling agencies for enforcement of requiring first-time homebuyers to attend an education class or counseling before applying for a loan to minimize mistakes and provide standard/unbiased information. Lenders should provide a letter with a list of agencies that they partner with and encourage clients to use these services especially in the mortgage process, it should be mandatory for clients to attend the education and counseling. HUD approved housing counseling agencies should provide services that provide borrowers with translation services and help them navigate and understand their loan, the whole lending process, loan costs and avoid being steered to predatory lending.

4. Ethnic Media

We strongly encourage the FHFA to work with ethnic media, national and local community-based organizations to effectively publicize the release of in-language materials to make sure community members are aware of available resources. Even as AAPI immigrants integrate, many of them prefer to consume information from ethnic media. The demand for Asian-specific media is manifested in the tremendous growth in Asian ethnic media – over 1000% between 1999 and 2010 – much of it in-language. Further, ethnic-specific media such as Chinese social media like Ozone, Wechat (Weixin), Weibo and Pengpeng should be used to complement other digital media tools like, Facebook, and Twitter.

To assist LEP borrowers, PCDC first provides bilingual outreach to potential clients about their services through a broad variety of media including ads in Chinese language newspapers, contacting community organization coordinators, posting flyers, sending postcards, phone banking, print and digital monthly newsletters, and social media. At the same time, PCDC grows relationships with major local lenders and contacts them regularly to determine what first-time homebuyer grants and programs are available.

Through proper marketing, outreach, and education; offering a language-preference field in the URLA forms and other loan documents; and continuous monitoring of the housing loan industry's ability to meet the needs of LEP families, FHFA can make immense strides in assisting the LEP community.

Thank you for the opportunity to comment on FHFA's LEP Guidance. Please contact Lauri Ng, Senior Policy Advisor at lauri@nationalcapacd.org with any questions or to discuss our recommendations in greater detail.

Respectfully,

National Coalition for Asian Pacific American Community Development (CAPACD)
Council for Native Hawaiian Advancement
Japanese American Citizens League (JACL)
Association of Asian Pacific Community Health Organizations
National Council of Asian Pacific Americans (NCAPA)
National Asian Pacific American Bar Association