

# Freddie Mac Single-Family Home Starts Here Podcast Episode Transcript:

## The Language of Home: Overcoming Barriers for Limited English Proficiency Borrowers

**Announcer** [00:00:01] Welcome to the Freddie Mac's Single-Family *Home Starts Here* podcast. Your connection to all the latest industry trends, insights and points of view on the mortgage market. From Freddie Mac leaders and other industry experts.

**Liz Mugavero** [00:00:14] Welcome to the Freddie Mac Single-Family Home Starts Here podcast. This is your host, Liz Mugavero with Freddie Mac. The scope of today's housing affordability crisis is complex and the solutions are often rooted in industry, collaboration and partnership. My guests today are all too familiar with the unique affordability challenges facing so many Americans and have collectively worked on a solution benefiting the entire affordable lending ecosystem. In two 2018, the Federal Housing Finance Agency or FHFA, Freddie Mac and Fannie Mae initiated a three-year plan to improve how the industry helps borrowers challenged with limited English proficiency to navigate the home buying process. Together, the three entities execute on this by creating a repository known as the Mortgage Translation's Clearinghouse. It holds translated mortgage related terms, documents and homeownership resources in the several languages representing some of the largest population and cultural segments within the United States. Since the start of this plan, additional languages and resources have been added to the LEP Clearinghouse to help consumers understand topics such as fraud avoidance, foreclosure prevention, financial wellness and mortgage options. The result has been a resource that has tremendously helped lenders, servicers, housing counselors, real estate professionals and other industry stakeholders better serve LEP borrowers. So, it's my pleasure to be joined today by Sika Pryor, the senior policy analyst for the Office of Housing and Regulatory Policy at FHFA. Jonathan Lawless, vice president of Product Development and Affordable Housing at Fannie Mae. Mike Dawson, vice president of Strategy and Policy within client and community engagement here at Freddie Mac and Hope Atuel, executive director of the Asian Real Estate Association of America. Welcome, everyone.

**Jonathan Lawless** [00:02:03] Thank you.

**Mike Dawson** [00: 02:04] Thank you. Great to be here.

**Sika Pryor** [00: 02:05] Thanks.

**Hope Atuel** [00: 02:05] Yes, great to be here. Thank you.

**Liz Mugavero** [00: 02:07] Of course. So, it's rare that we have an opportunity to sit down with several stakeholders at once and hear their visions for how we're solving real challenges. So, thank you all so much for taking the time to chat with us today. I'd like to start off with some brief background on the initiative and its direction, so I'll turn to Sika. Sika, can you briefly share how this plan came to fruition?

**Sika Pryor** [00:02:26] Sure. Federal Housing Finance Agency or FHA embarked on this project formally in 2017. And basically, what we were looking at is the challenges that limited English proficiency borrowers face when engaging in the mortgage process. We used several components to achieve where we are today, including research that we did. And we

looked at U.S. Census data to realize that or recognize that the top languages that are spoken in this country or in the United States are Spanish, Chinese, Vietnamese, Korean and Tagalog. We also did outreach both in individual discussions and through a request for input. We also did outreach to both trade associations, non-profits, lenders, servicers, state and federal agencies, housing counseling agencies as well through individual discussions, as well as through a request for an input. But what I'm most proud of is our outreach directly to limited English proficiency borrowers. And there was a report or several reports generated from that outreach. And what we found is that a lot of borrowers are unaware of the resources that are available. But we also discovered and I think this is where we landed with the Mortgage Translations Clearinghouse, not only were they not aware of the resources, but that the resources were scattered. So, they were in different places and hard to find. And so in 2018, we developed a multi-year plan, FHFA, Fannie and Freddie and their particular elements of the plan that I want to highlight, one of the biggest elements of the of the plan, at least, in my mind is this language access working group. And so, we do engage with the same organizations, trade associations, housing counseling agencies, other non-profits, as well as lenders and servicers through a language access working group, and Hope can attest to that. We also, through this language access multiyear plan, developed the Mortgage Translation's website. And so we've since added mortgage documents and borrower educational resources and glossaries in Spanish, Chinese, Korean, Vietnamese and Tagalog, and so we've added those in the particular timeline. We started with Spanish in twenty eighteen, we added a Chinese in 2020 and in late 2020 we added the additional languages as well as resources for COVID-19.

**Jonathan Lawless** [00:05:03] Sika, you did a good job covering all the outreach, but the one thing I was going to say too is a lot of cases we don't even have to do outreach. We get, I'm sure where you sit. A lot of people are reaching out to you reach out to them.

**Sika Pryor** [00:05:13] that's true.

**Jonathan Lawless** [00:05:14] Which is great. You know, we really appreciate the work that consumer advocates and others do to just bring these types of issues to our attention so that that they can get addressed. So I know we've got a ton of phone calls leading up to the decision to move forward on this.

**Sika Pryor** [00:05:26] That's right, Jonathan.

**Mike Dawson** [00:05:28] As those calls come in. It's it just goes to the fact that I know we're all advocates of launching something and adjusting to what we're hearing. And it's provided terrific opportunities from almost all players in the mortgage ecosystem to explore other solutions and other ways of reaching out to customers and clients. I'm a big believer in launching and adjusting. And I think we've seen from our experience with the efforts of providing more translations, documents, the feedback we're getting from customers in the form of how they could use the documents and how they can even expand on the documents to provide other services and other material to their clients has proven to be very successful.

**Liz Mugavero** [00:06:11] That's great information. So how have you built upon these initial plans based on the industry feedback that you've received and the needs that you're continuing to define along the way?

**Mike Dawson** [00:06:21] As I mentioned, our customers have been looking to not only use the documents that are available, but are looking to extend in using their own translated services in some cases to provide, whether it be filling in some gaps that they see or other opportunities in the markets that they participate in. But in particular, you know, the wealth of documents available not only serve from an origination standpoint, it serves from a borrower education and providing ways of reaching out to housing counseling organizations, getting the facts on home ownership, credit building, buying a home gives you the full suite of activity and a variety of languages that support the day to day activity from not only from searching a home, but going through the origination and borrowing process itself.

**Jonathan Lawless** [00:07:09] Yeah, you know, Sika talked about this group that we bring together and, you know, we hear a very straight talk, which is great. I'll say one of the big pivots and this is a thank you to FHFA, so FHFA did a great job this year recognizing that with what's happening with COVID, it becomes really important for us to make a pivot and start translating documents that might support in that time, you know, like what's going on right now. And so, you know, that was a loud and clear one. But, you know, at all times, are we getting feedback. Some people didn't know the documents were there. How do we raise awareness better? And so the group and all the outreach that FHFA is helped coordinate has been really tremendous in helping us make this quick adjustments that Mike has been talking about.

**Liz Mugavero** [00:07:50] That's a great segue to my next question. So, and you started to answer it a little bit, Jon, but what other client opportunities might exist, particularly in our post COVID-19 environment?

**Hope Atuel** [00:08:02] I do agree with Mike and Jonathan about the great work that FHFA has done. You know, it was a multi-year project that started in 2017. And I do remember FHFA reaching out to ARREA and various trade groups and counseling agencies about this really huge undertaking to put together all of these language resources in one portal. And, you know, as a trade organization that has been asking for in language materials, I think at first we were very skeptical about this and because translation direct translations of financial terms and what have you can be very tricky. But they did a lot of research and homework and it did quite a number of survey to direct borrowers. So, I applaud just the combined work that FHA has done with Freddie and Fannie, as well as not just the lending institutions, the banks, but other organizations like ARREA. It's a great resource for LEP borrowers, and I think that it's something that will truly increase homeownership rates for our community moving forward.

**Sika Pryor** [00:09:07] And thanks, Hope, I just want to make sure that I mention that we have done a lot of work and partnership with the Consumer Financial Protection Bureau, as well as HUD. just to echo what Hope's comments about this collaborative effort, because it really has been a collaborative effort over the years. in developing the glossaries, we made it a point to work with the Library of Congress, which was both, you know, an agency that both FHFA and CFPB engaged for the glossaries really to sort of at least have us on the same page in terms of translated financial terms that live in the glossaries. So, I wanted to make mention of that.

**Liz Mugavero** [00:09:48] Great. So, I would love to expand on something that John started talking about earlier, about client opportunities. I'd love to hear about what additional client opportunities you feel exist in the space, particularly in a post COVID-19 environment. So, I'll turn to Mike and Jon to expand on that.

**Mike Dawson** [00:10:04] Sure, Liz. I think, one of the things, whether it be during COVID-19 the situation we're in today or after, (hopefully we'll see a little light at the end of the tunnel here) is in the form of providing trusted information to our borrowers. I think all of us are concerned about a borrower who is searching for information, particularly those borrowers who may be in financial stress or looking for options relative to their mortgage and in any market environment, looking for resources, looking for information, looking to where they can make that first phone call, to seek advice, to talk to their servicers, to get information of different options that that could provide them with either payment relief or different types of mortgage repayment options available to them. And as Sika mentioned, all of our partners in this effort, we're all aligned in the form of how do we reach the individual borrower with that trusted information.

**Jonathan Lawless** [00:11:09] Yeah, Mike, you hit the nail on the head in terms of just I mean, COVID right now is just such a scary moment for a lot of people. And figuring out where you can find somebody that has trustworthy information is just really critical. And I mean, not just during COVID, when people have their own financial issues and are struggling to make their payments, I mean, that's their own personal crisis. Right. And they're looking for somebody to help in it. I hate to say it because we're all sort of in the industry, but we don't exactly have, a glowing viewpoint from consumers that finance is easy to understand. Sometimes I feel like we're we're speaking even a different language than English when we get into all the acronyms and the things that we talk about. So, for anybody that doesn't live and breathe the stuff every day, it's scary stuff. One thing I'll say is just in terms of client opportunities, in addition to how Mike points out, like helping people when they're in need, giving them the right information. I mean, for lenders out there who are thinking how to serve new customers, open up new markets, find new leads, the power of being able to approach somebody in their own terms

and connect to them with something as powerful as their own language, in my opinion,.. And I I actually don't speak another language, I sign another language. I grew up in a house with deaf parents, and so we use sign language and which may be the de facto interpreter everywhere we went when I was a kid. But, the instances where, my parents would walk into a place and somebody at the register or at the bank would be able to use sign language, you know, the joy on their face when they see that sort of connection point, I mean, they've got a customer for life. And so, being able to leverage these tools when we go into maybe a post COVID, post refy market where, lenders are again really focused on helping first time homebuyers. These toolkits are just, I think, a really powerful way for people to build relationships and get a whole new client base that they might not have had access to before.

**Liz Mugavero** [00:12:56] Thanks, Jonathan. That's really insightful. And to to really just bring it home to both the organizations, Fannie Mae and Freddie Mac. How are you both, Mike and Jon, approaching gaining additional insights on how to better serve LEP households and inform specific topics and new resources?

**Mike Dawson** [00:13:13] Sure. From a from our perspective and I think from everybody's perspective here, is that, you know, we're all data and research driven. What's going on in the market around us? What are we learning from various research institutions and our own economists and other researchers within our organizations? And so many of you, if not all of you, have seen the statistics associated with Hispanic household growth. It's going to continue to outpace the overall U.S. household growth in the United States. And in national housing surveys, 88 percent of Hispanics agree that owning a home is the best investment plan and they are better off owning as opposed to renting. And Asian-Americans are expected to account for 2.2 million or so of the nation's 13.6 million of new households being formed up through 2025. And even looking at the twenty eighteen Census Bureau information, you know what I found interesting that in 2018 there were 229 cities in which more than one in three residents spoke a language other than English at home. And some of these places may be surprising to you all, such as Providence, Rhode Island - 50 percent of residents were speaking a language other than English in their home, Allentown, Pennsylvania - 48 percent, Germantown, Maryland - 46 percent, Centreville, Virginia, which is just down the road from me here is 44 percent, in Springdale, Arkansas - 35 percent. So if you look at it at the local level on the form of languages being spoken at home other than English, it just shows the diversity not only across the country, certainly that we're all we are seeing, but even at the local homeownership and local home opportunity level here. That's where we're working with loan officers, real estate professionals and others can really use this type of insight and Census Bureau information-- the Freddie, Fannie research in this space—to leverage these opportunities here and also seek out other opportunities based on the clientele or potential clientele in some of these areas.

**Jonathan Lawless** [00:15:21] Yeah, that's awesome, Mike. And I'll go back to something that I said earlier, which is or maybe the Sika that this has been just a great journey for all of these organizations to work together. I mean, Fannie and Freddie are usually on different sides of the river, as we say, in D.C. But in this case, we've been working really hard and sharing the research. But at the end of the day, the research that we've done, both in terms of what Mike talked about, in terms of what we see in cities and what we see in the data, the other part of this that is just absolutely critical, and a lot of listeners out there might be familiar with sort of the concept of design thinking. The approach begins with just sitting with the people that you're trying to design for and really understanding what their needs are by observing their needs. And so, you know, even starting with the group that we mentioned earlier, where we get folks like Hope who can come in and give us like the stories on the ground, like how people are interacting with the mortgage market, what their questions are. Right. Those things are all really, really important, in addition to the data to figuring out like, what's the best way for us to connect to market. I mean, I'll tell you, I'm just I'm a guy who speaks English sitting in Washington, D.C., which is a bizarre city to begin with. But clearly, like just sitting in my office, I'm not going to have the insights I need to be able to serve this market. This market's unique. It's different. The needs aren't going to be something that you can read and find in a book. Just I can't emphasize more the importance of getting on the ground, talking to folks like Hope and understanding what the real needs are.

**Hope Atuel** [00:16:47] That is so true for many Americans, including myself, it's probably the largest transaction that I will ever make in my life. And I remember when I purchased my home here in San Diego five years ago, the amount of disclosures and documents that I had to read, it felt like they didn't want me to buy a home and that's, you know, for someone who can actually understand English, let alone for someone who is, you know,-is limited with their English



proficiency, it's a very scary circumstance when you can't really fathom or even understand what you're trying to read and to commit to 30 years is certainly even scarier. So, I think the portal, the clearinghouse and all that we're doing to support borrowers is a fantastic way to say that we care for them as consumers and as borrowers.

**Liz Mugavero** [00:17:42] Absolutely. And all of that conversation really underscores the importance of being able to really understand directly from a specific community what their obstacles are. So, can you tell us how the clearinghouse has been a value to real estate professionals in the Asian-American community?

**Hope Atuel** [00:17:57] Yes, absolutely. I think that the use of the materials and the resources found in the clearinghouse is making definitely progress for translation services for limited English proficiency. Now, there's going to be a lot of work. And I think it was Jon or Mike have mentioned this because it all boils down to trust. And for a lot of Asian Americans, particularly for those who are foreign born, they're very skeptical about translation services, whether it's something that they had a previous, bad experience or they've been scammed. So when a translation like this, like a clearinghouse is coming from a governmental agency, there's a lot more trust, and so we're trying to kind of like assimilate and distribute this information not just to our realtor base membership, but also to their clients. And it is important because I think it was our president, Tom Trong, who will tell this story when he was seven or eight years old, accompanying his mom when they were buying a home. And this was 30, 40 years ago in Massachusetts, because there weren't really translators or translation services that were provided at that time. And so, he was the one who had to translate those mortgage documents, disclosures, those borrower rights. And at seven or eight years old, you trust this this this little kid. And that story is very common within the Asian-American community. Right, they will either take their children or family member or in some instances, somebody from church that they trust to translate those because it is a large transaction. You're putting your trust into this person who's telling you what you're going to be obligated and what your responsibilities are for the next 30 years. So, translations like these support for LEP borrowers like these are very, very important for our community.

**Liz Mugavero** [00:20:06] And what is the community's feedback been?

**Hope Atuel** [00:20:08] It's it has actually been great. And I'm glad that it was that FHFA did a multi-year approach, starting with I believe ~~Seka~~ it was Chinese first and then Vietnamese, followed by Korean and Tagalog, looking at the US Census Bureau's data on languages, foreign languages that are spoken. And it's been an incremental launch, which again, is very helpful because we can work with different segments of our membership to introduce the language that they've added to the portal. It is very helpful. And one of the more common questions that we get as a trade organization that works with realtors and also consumers is where can I find translated documents? That's fairly common question that we get on our website and also phone calls. And that's why we had posted the direct link on our home page on the clearinghouse, so it's a direct access to folks who come to our website and look for these type of resources. And I'm glad that we've also been able to have resources that are available during the pandemic for those who have been impacted by COVID. So, it's been positive so far.

So, we're looking for more ways to be able to promote this, whether it's consumer or home buyer fares. We weren't able to do that a limited basis this year because of the pandemic. But we do want to make sure that consumers and also real estate professionals who are part of the organization continue to be aware of this resource.

**Liz Mugavero** [00:21:46] Thanks, Hope. That's a great segue into my very last question. So, I'd love to ask each of you to share the number one avenue for increasing participation in the clearinghouse across different segments.

**Sika Pryor** [00:21:57] Well, I'll start there Liz, I think for at least from the FHFA's perspective, I think it's very important that we stay in communication and partnership with both HUD and CFPB because it is sort of a shared audience. We think that can be very helpful in making sure that the information is out there and available for instance, to housing counseling agencies with related to HUD and-certainly to direct to consumers, which would be CFPB. So, we think it's important that we continue working and strengthening our partnerships there to spread the word about the resources.





**Mike Dawson** [00:22:32] You know, one of the things that particularly in listening to my colleagues here, you know, we got a variety of perspectives. You heard Sika talk about perspectives related to CFPB, certainly FHFA, HUD and others of what they are doing, what they look at from the standpoint of supporting limited English proficiency and other avenues of supporting the borrower. We hear Jonathan's experience growing up and certainly his wealth of experience at Fannie Mae, that's perspective there and certainly Hope's perspective in the form of her organization and the stories she reviewed there. And it provides me the opportunity to to be in other people's shoes here at the individual level too to get the experience again, of which we should be solving for at the individual experience level here. And what solutions can we offer? So from my perspective, this this discussion has been fantastic.

**Jonathan Lawless** [00:23:29] I like that perspective, Mike. That's great. You know, when we talk about usage of this resource and what we can do moving forward, one that I think is obvious and Hope talked about efforts that she's doing. But we live in a noisy, complex world and the mortgage market itself is noisy and complex. And so just making sure people even know it's there is a real challenge. And so just continuing to spread the word. I know a lot of folks in the audience have come to this because they're aware of it. But, you know, the help that you can provide, who are listening, just telling other people, making other people in your organization aware, that's really tremendous, because that's really the way the word's going to spread the most effectively. And then the only other thing I'll mention, and just because I know a lot of lenders are listening is just there is a lot of scrutiny and legal oversight for very good reason to ensure that people who don't speak English as their first language are not mistreated. So, I think also lenders getting comfortable with what's the right safeguards to put in place so that they're using this in a way that is correct and right. It is going to be really helpful. So, again, awareness and the rules of the road, getting comfortable with how to use these documents appropriately in the market. I think those are kind of the two things that I would mention.

**Hope Atuel** [00:24:42] If I can answer that, that question, you know, kind of like the avenue for increasing participation in different segments, Asian-Americans are they over index when it comes to the use of technology, most of our community members have the technology in the home I think we love technology, but it's also a way for us to connect with family members and other relationships across the globe. I think there is an opportunity to promote awareness of this clearing house through the use of technology, whether it's websites of counseling and financial groups or lending institutions. I think, Jon and Mike, that you have mentioned earlier, and that's why we as an organization have decided to make sure that it's front and center of all of our digital marketing efforts. Is because we know how our community members are big consumers of technology. I think the different stakeholders should look at ways to promote this. That's probably one of the things that I would say would increase the participation and usage of this particular clearinghouse.

**Liz Mugavero** [00:25:58] That's great. Thank you all so much for sharing your insights and thank you for sharing the creation and evolution of this amazing resource that is making home possible for so many.

**Mike Dawson** [00:26:08] Thank you, Liz.

**Jonathan Lawless** [00:26:09] Yeah, thanks for having us.

**Sika Pryor** [00:26:10] Thanks, Liz.

**Hope Atuel** [00:26:11] Thank you.

**Liz Mugavero** [00:26:12] Sika, John, Hope, Mike, it's really been my pleasure talking with you today. Thank you for being here. And thank you to all of our listeners. Please make sure to subscribe to Home Starts Here so you don't miss an episode and share with your friends until next time.

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