

United States Senate

WASHINGTON, DC 20510

May 21, 2026

The Honorable Scott Turner
Secretary
U.S. Department of Housing and Urban Development
451 7th Street S.W.
Washington, D.C., 20410

Dear Secretary Turner:

We write to strongly oppose the Department of Housing and Urban Development's (HUD) "Comprehensive Housing Counseling (CHC) and the Housing Counseling Training (HCT) Notice of Funding Opportunity (NOFO) (FY2025)," which would drastically narrow the activities eligible for funding under HUD's housing counseling program. Millions of Americans depend on housing counseling services as a proven pathway to homeownership and financial stability. HUD's changes contradict President Trump's day-one promise to lower housing costs and expand homeownership. With the average age of first-time homeownership now at 40 and foreclosure filings on the rise, we should expand access to these programs, not dismantle them. We urge HUD to immediately restore eligibility for pre-purchase, post-purchase, and delinquency counseling for borrowers with conventional and government-sponsored mortgages.

The NOFO makes several alarming changes, chief among them being the removal of pre-purchase housing counseling from the list of eligible activities. Pre-purchase counseling has been a cornerstone of HUD's counseling program since 1968, created specifically to open the doors of homeownership to Americans who had long been shut out and it remains just as essential today. Through free or low-cost sessions with HUD-approved counselors, prospective homebuyers learn to navigate the purchase process, evaluate mortgage options, and spot predatory lending practices before they become traps. For first-time and low- to moderate-income buyers, this guidance is often the difference between a sustainable investment and a financially devastating one. Housing counselors are a community-level guardrail, and eliminating their funding doesn't make the need disappear — it simply strips counselors of the federal resources to meet it.

The reach and impact of pre-purchase housing counseling is well-documented. Pre-purchase counseling represents more than half of total caseloads at many housing counseling agencies (HCAs), reflecting strong public demand for this service.¹ The results explain why. A study conducted by the National Foundation for Credit Counseling shows that housing counseling improved money management and financial confidence for two-thirds of nearly 6,000 counseled clients over 18 months, increased average credit scores by 14 points, and increased credit scores by 50 points for clientele in the lower quartile. No other entity provides these services and results in such a safe, reliable and low-cost manner. Eliminating this funding directly undermines sustainable homeownership for hardworking Americans.

¹ HUD Office of Housing Counseling, "9902 Analyses and Insights, Housing Counseling Data Brief – August 2025," page 4.

The NOFO's restrictions on post-purchase and delinquency counseling compound the harm and abandons families in crisis. While the NOFO lists these activities as eligible, reimbursement is restricted to government-backed mortgages – leaving homeowners with conventional mortgages facing delinquency or foreclosure without access to federally funded counseling. Timely intervention by a HUD-approved counselor can mean the difference between a family keeping their home and losing it and there is no affordable private-sector substitute for those services.

History shows what's at stake. In the period after the foreclosure crisis, HUD-approved counselors helped foreclosure rates in neighborhoods they served fall from a peak of five percent in 2011 to one percent by 2017.² During the COVID-19 pandemic, housing counselors helped stabilize more than 91,000 households, half of whom were homeowners at risk of losing their homes.³ With foreclosure filings at a six-year high⁴ and bank repossessions up 27 percent from the prior year,⁵ this is precisely the wrong moment to reduce access. The federal government has a clear interest in protecting homeownership regardless of what type of mortgage a family holds.

HUD's housing counseling program is typically funded on an annual cycle running from October 1 through September 30. This year, the NOFO was not issued until recently with a submission deadline of May 2026, meaning that housing counseling activities have gone completely unfunded for over seven months. The 18-month award period beginning retroactively on October 1, 2025 does not undo the damage already done. Local HCAs have been forced to drain reserves, cut services, and lay off staff while waiting on an overdue funding announcement. Adding to this harm, the NOFO delay has put housing counseling agencies that continued serving clients in good faith, at a real risk of not being reimbursed for services they reasonably believed would be covered.

The communities we represent depend on HUD-approved housing counseling agencies to serve as trusted guides through one of the most consequential financial decisions of families' lives. Narrowing eligible counseling services and allowing funding gaps of this magnitude abandons Americans at the two moments they need help the most: when they are trying to buy their first home, and when they are at risk of losing it. We urge HUD to immediately restore full funding eligibility for all pre-purchase, post-purchase, and delinquency counseling for borrowers with conventional and government-sponsored mortgages under this NOFO. The families and agencies counting on this program cannot afford further delays or uncertainty.


Sincerely,

² NeighborWorks America, "Responding to a Crisis: The National Foreclosure Mitigation Counseling Program, 2008-2018," page 29.


³ Urban Institute, "Housing Counseling for Homeowners and Renters in Crisis: Lessons from the Housing Stability Counseling Program," April 2025.

⁴ Wall Street Journal, "High Housing Costs Are Pushing Foreclosures to a Six-Year High," May 1, 2026.


⁵ ATTOM, "U.S. Foreclosure Activity Increases in 2025," January 15, 2026.




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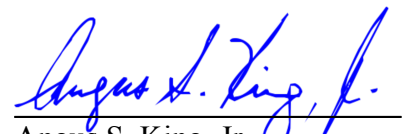
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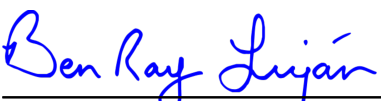
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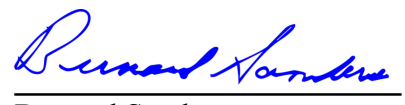
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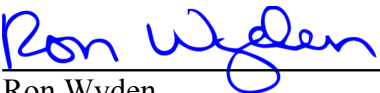
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