

Final Rule on Housing Counseling Certification for Affordable Housing Organizations

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Final Rule on Housing Counseling Certification for Affordable Housing Organizations

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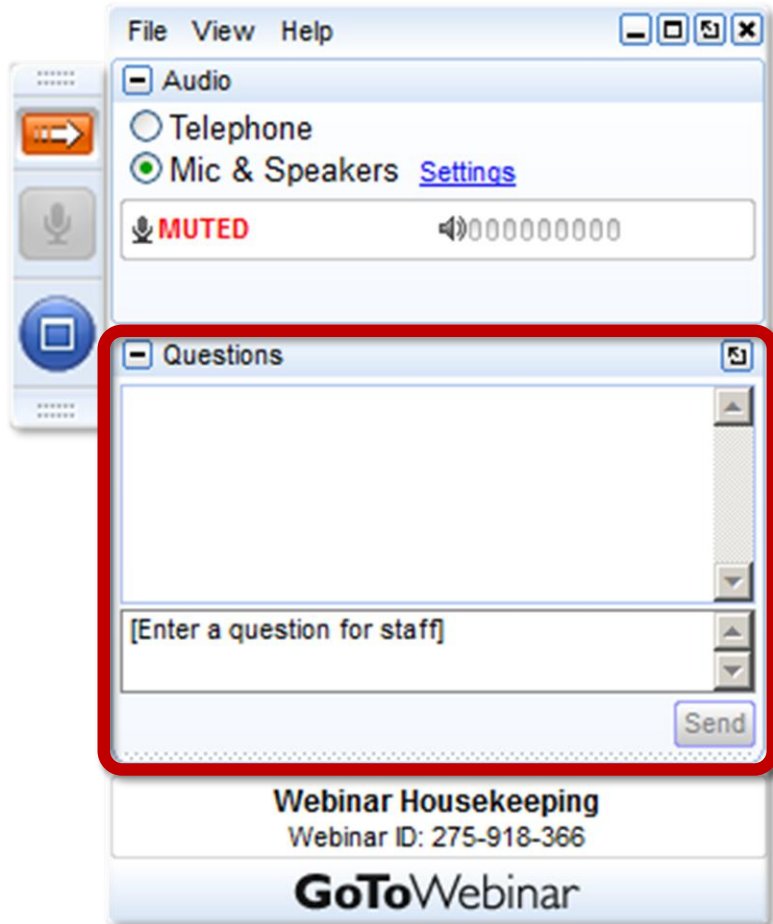
January 13, 2017



Webinar Logistics:

- Audio is being recorded. It will be available along with the PowerPoint and a transcript on the HUD Exchange at www.hudexchange.info/programs/housing-counseling/webinars/
- Attendee lines will muted during presentation.
- There may be Q&As. The operator will give you instructions on how to make your comments.

Other Ways to Ask Questions



Your Participation

Please submit your text questions and comments using the Questions Panel. We will answer some of them during the webinar.

You can also send questions and comments to housing.counseling@hud.gov with **webinar topic is subject line.**

Agenda

- HUD Housing Counseling Program
- Housing Counseling Program Updates
- Housing Counselor Certification

HUD Office of Housing Counseling

“The mission of the Office of Housing Counseling is to help families to obtain, sustain and retain their homes.

We will accomplish this mission through a strong network of HUD-approved housing counseling agencies and counselors.”

- Network of approximately 2,000 housing counseling agencies
- Monitors compliance with HUD regulations and oversees independence, conflicts of interest, content and process standards
- Connects clients with appropriate housing counseling agencies
- Administers grant awards for qualified applicants

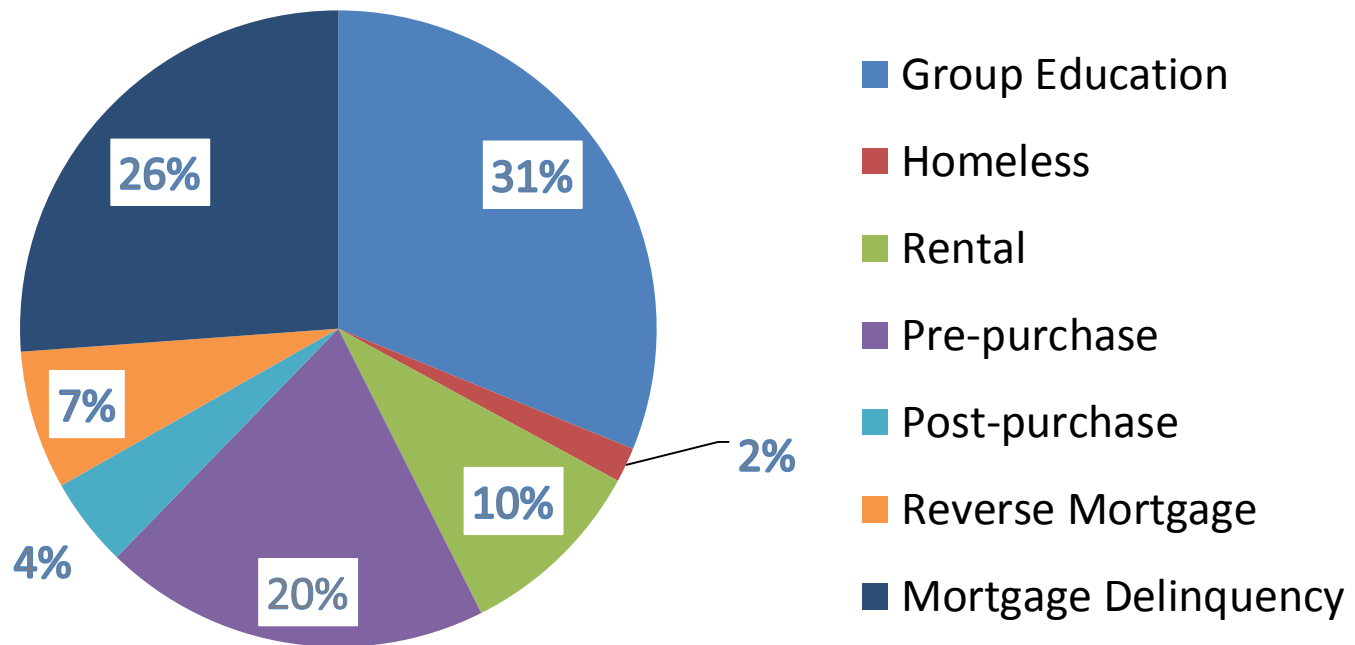
What is Housing Counseling?

- HUD standards
 - In person, phone, internet are acceptable as long as client and counselor can have an individualized dialogue
 - Guidance and advice are tailored to client's needs
 - Includes creating a client budget, financial analysis, an action plan, and referrals to relevant resources such as down payment assistance programs or legal services

What is Group Education?

- HUD Standards
 - Provided for one or more people (classroom, online, conference call or other delivery method)
 - Major differences from one-on-one counseling:
 - Not customized for individual needs
 - Does not offer individual financial analysis or a client action plan
 - Can be a foundation for individual counseling sessions
 - HUD agencies must offer counseling for each group education participant

Housing Counseling Activity 10/1/15 to 6/30/16



Total Counseling Activity - 945,096 Clients

Impact of One-on-One Counseling 10/1/15 to 6/30/16

269,801

- Worked with housing counselor to develop a sustainable household budget

213,018

- Received fair housing information

150,854

- Gained access to resources to help improve housing situation

154,334

- Improved financial capacity

Awareness & Visibility Project

- Research
- Beat the Odds posters
 - Sent out in December
- Toolkits (coming soon)
 - For Lenders
 - For Real Estate Professionals
- Upcoming Stakeholder webinars and meetings

BEAT THE ODDS
WITH HOUSING COUNSELING

Homeowner's net worth 36X greater than renter's.
– Federal Reserve (2013)

AM I READY TO BUY A HOUSE?

Housing Counseling may be the answer.

One-third of first-time homebuyers underestimate their total household debt.

HOUSING COUNSELING PROVIDES EXPERT ADVICE TO HELP YOU:

- Create Manageable Budgets
- Set Realistic Financial Goals
- Improve Your Credit Score
- Avoid Delinquency on Debt

DOES HOUSING COUNSELING WORK?
Borrowers who use HUD-Approved Housing Counseling:

30% lower odds of foreclosures

283% more likely to receive loan modifications

IN 2015, HUD HOUSING COUNSELING HELPED:

- Prevent **92,000+** Foreclosures
- Improve **178,000+** Finances
- Create **403,000+** Budgets
- Counsel **over 1.3 million** Households

WHERE DO I START?
Call 1-800-569-4287 or visit HUD.gov to find an agency in your community

Over 2,000 HUD Approved Agencies

Housing Counselor Certification Final Rule

- Final rule published December 14, 2016
 - Federal Register citation: 81 FR 90632
- Final compliance date for housing counselor certification is 36 months after examination becomes available
- HUD will publish a Federal Register Notice to announce the start of testing

Benefits of Certification

Increased visibility and awareness of housing counseling

Programs and counselors eligible for grants and scholarships

Create professional recognition for housing counselors

Broader knowledge = better counseling

Elevate the value of the program for consumers

Housing counseling offered in connection with HUD programs meets OHC standards

Better pay for counselors

Consumers benefit from HUD approved agencies

A credential for counselors

Consumers avoid scammers and con artists

Key Provisions

- All housing counseling provided under or in connection with all HUD programs must be performed by a HUD certified Housing Counselor
- A HUD certified housing counselor is a housing counselor who has passed the HUD Certification examination and works for a HUD-approved housing counseling agency

Counselor Certification

- Pass the certification exam covering six major topics
 - **Only have to pass certification examination once**
- Work for an agency approved to participate in HUD's housing counseling – will be verified through a Federal system
- **Counselors can become certified as soon as the examination is available**
- All agencies must comply by 36 months after the examination becomes available (Final Compliance Date)

Six Major Topics of Testing

Financial management

Property maintenance

Responsibilities of homeownership and tenancy

Fair housing laws and requirements

Housing affordability

Avoidance of, and responses to, rental and mortgage delinquency
and avoidance of eviction and mortgage default

Certification Exam

- Counselors must register for and take the examination through www.hudhousingcounselors.com
- Can take examination on-line or at a proctoring service
- Cost estimated to be \$100 to \$140 – subject to change
- Available in English and Spanish
- Can take multiple times until counselor passes – must pay fee each time

HUD Programs Impacted by Final Rule

- Final Rule applies to all organizations that deliver housing counseling required by or provided in connection with all HUD programs
 - Counseling in connection with programs such as CDBG, PIH, and HOME may be affected
- The final rule narrowly defines housing counseling

What is Not Housing Counseling

- Services that provide housing information, or placement or referral services
- Routine administrative activities (e.g., program eligibility determinations, intake, case management)
- Case management that provides housing services as incidental to a larger case management (HOPWA, ESG, COC) and does not fund housing counseling
- Fair housing advice and advocacy offered in isolation from housing counseling

Impact on Pass-Through Organizations

- Staff of entities whose roles are limited to funding, overseeing or administering a housing counseling program and who do not provide housing counseling services directly to clients are not required to become HUD-certified housing counselors

Options for Agencies Covered by the Final Rule

- Apply to HUD for approval or join a HUD-approved intermediary or state housing finance agency
- Partner with an existing Housing Counseling Agency to deliver housing counseling
- Modify the program in order to become compliant
- Stop delivering housing counseling services before the Final Compliance Date

Effective January 13, 2017

Requirement that agencies participating in HUD's Housing Counseling program that provide Homeownership Counseling must address the entire process of homeownership.

Requirements related to the distribution of Home Inspection Materials.

Requirements related to the Misuse of Housing Counseling Program Grant funds that constitute a "Material Violation."

Requirements related to the prohibition against distributing Housing Counseling Program Grant Funds to organizations convicted of a violation under Federal Law related to an election for Federal Office.

Effective 36 Months After Certification Examination Becomes Available

Requirement that all individuals who provide Housing Counseling required under or in connection with a HUD program are HUD Certified Housing Counselors.

Requirement that any agency providing Housing Counseling under or in connection with a HUD program must be approved to participate in HUD's Housing Counseling program.

Requirement that all housing counseling reported on HUD Form 9902 that occurs after the Final Compliance date is performed only by HUD-certified housing counselors.

Effective 36 Months After Certification Examination Becomes Available

Intermediary/State Housing Finance Agency (HFA)/Multi State Organizations participating in HUD's Housing Counseling program must ensure all housing counseling performed by their affiliates is performed by a HUD-certified housing counselor.

Requirement that Group Education provided by an agency participating in HUD's Housing Counseling Program must be overseen by a HUD-certified housing counselor.

Agencies applying to participate in HUD's Housing Counseling Program must meet the Housing Counseling Certification Requirements.

How to Become HUD Approved

- Qualifying Criteria
 - Non Profit status or state or local government
 - 1 year experience providing housing counseling
 - 1 year of operation in proposed geographic service community
 - Sufficient counseling resources
- Email housing.counseling@hud.gov to schedule an appointment
- www.hudexchange.info/programs/housing-counseling/agency-application/



Office of Housing Counseling

Find us at:

www.hudexchange.info/counseling

Email us at:

Housing.counseling@hud.gov