



Final Transcript

**HUD–US DEPT OF HOUSING & URBAN DEVELOPMENT:
Stakeholders Call on Final Rule for Affordable Housing**

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SPEAKERS

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Lorraine Frisbee

PRESENTATION

Moderator Ladies and gentlemen, thank you for standing by and welcome to the Stakeholders Call on Final Review for Affordable Housing Groups. At this time, all lines are in the listen-only mode. Later, we'll conduct a question and answer session, and instructions will be given at that time. [Operator instructions]. As a reminder, today's call is being recorded.

I would now like to turn the conference over to Virginia Holman. Please go ahead.

Virginia

Thank you, Art. Welcome, everyone, to today's webinar on the Final Rule to the Housing Counseling Certification. Your speaker is going to be Sarah Gerecke, the Deputy Assistant Secretary from the Office of Housing Counseling, but before I turn it over to her, I would like to go over a few logistics.

The audio is being recorded, as Art said, and it will be available, along with this PowerPoint and a transcript on HUD Exchange. The attendee lines, as he said, are muted during presentation, and there will be question and answers periodically. At that point, Art will give you instructions on how to ask your questions.

There are a couple other ways to ask questions. One is on the panel on the right-hand side of your screen is a box that lists questions, and if you just write your question in there, we have people that are monitoring those questions. We will make every effort to answer them during the webinar. If not, we will get you an answer later. You can also, after the webinar, send a question to housing.counseling@hud.gov with the webinar topic in

the subject line, and again, the topic here would be the Final Rule on Housing Counseling.

Now let me turn it over to Ms. Gerecke. Sarah?

Sarah

Thanks, Ginger. Good afternoon, everyone. I'm so pleased to have the opportunity to talk to you about the Final Rule on Housing Counseling Certification.

I do want to take a moment, though, to let you know that on HUD's side, we have a few people on the call. Bill McKee and Lorraine Griscavage-Frisbee have been the leaders of our team producing the final rule and implementing it, and I want to thank them before I even start talking. In addition to Ginger, we have Anita Olson, Robin Penick and Kim Torres assisting on the outreach for the Final Rule.

Today, you're a small and special audience today. We have a number of housing finance agencies, some intermediaries of housing organizations. And my remarks are going to be directed to those of you, in particular, who are running programs that are not part of HUD Housing Counseling Program yet and explain how the rule might affect you.

I'll stop a lot for questions, and we'll have time at the end to hear from you how the rule might affect your programs, if at all, and how we at HUD can help you in making sure that the implementation of this Housing Counseling Certification rule is successful. I'm going to warn you that your questions are welcome, and we will appreciate a dialog with you as part of this agenda.

But my presentation will be first on the HUD Housing Counseling Program itself, a few basics for you, again, assuming you don't participate in it every day, and second some updates on what our program is doing recently that may be of interest to you. We'll spend by far the most time on Housing Counselor Certification and go through what the new requirements are so that you can assess how your program or your affiliate programs may be affected. Next slide, Ginger.

So the Office of Housing Counseling has been established for about five years although HUD has had a Housing Counseling Program since 1968. Our mission is to help families obtain, sustain and retain their homes using a network of HUD counseling agencies and counselors. We have a

network of approximately 2,000 agencies to date, both state and local government entities and nonprofit organizations.

Our role is to monitor compliance with our rules, but we also want to provide technical support and training to the agencies we connect by it through our website and telephone directory, and we do administer grant awards when Congress makes an appropriation for housing counseling.

Next slide, Ginger.

I was advised to not assume that everyone knows what housing counseling is. Certainly, the general public doesn't as we found study after study. People think counseling is for if you're having trouble with your spouse or if you have a substance abuse problem, so the term housing counseling has an unfortunate baggage to begin with. But, it's also not housing counseling as you may have been familiar with it in the 1990s or even the early 2000s. HUD has put in place a lot of standards. We've modernized the program a great deal, and we're very, very proud of the services that are delivered under it.

Today, HUD permits counseling in phone, in person, through the internet or Skype. All of those methods are acceptable as long as the client and the

counselor can have a dialog, as long as there's two-way real-time conversation. The reason for that is because the counseling means that the advice is tailored to the individual client's situation. Housing counseling under HUD's program provides a budget, a financial assessment of affordability of housing, an action plan, referrals to housing resources and follow-up are some of the elements of housing counseling. Next slide.

By contrast, group education is under HUD's definition provided for one or more people through again many different delivery methods, but it's not customized information. It's basically being talked at or an online course that doesn't actually develop individualized analysis or an action plan. It can be the basis for individual counseling sessions, and in fact, HUD counseling groups that offer education are required to make an offer of individual counseling, as well.

But, we make this distinction between group education and housing counseling. We emphasize both, and we believe the research validates that both are required for successful outcomes for the client. Next slide.

Our program reaches about 1.3 million people on an annual basis. Last year for the last nine months of the year, we've reached just shy of a

million, so we're on track for that 1.3 million number. We don't tell the agencies what counseling or activities to provide. They are encouraged to assess their local market needs and respond to them.

Last year, the single largest activity was group education, but mortgage delinquency counseling, foreclosure prevention counseling, that 26%, was the second largest type of individualized counseling. That's down a lot nationally from 41% in fiscal 2015 the year before, and I don't know that it's trending down a lot faster than that because there's still a lot of need. Obviously, different parts of the country have different levels of need.

We're seeing an increase in pre-purchase counseling, up to 20% of our activities now, and an increase in rental counseling which is a strong 10%. But these numbers change depending on both national and local trends. Next slide.

Last year, we started measuring not just activities but impacts and outcomes, and I wanted to share with you a couple of the ones we capture. We're able to count that so far in 2016, almost 270,000 people worked with a housing counselor to develop a household budget, 213,000 received information about fair housing and avoiding discrimination, 151,000

gained access to resources like down payment assistance or eviction prevention funds to help their housing situation and 154,000 improved their financial capacity by increased savings or improving their use of credit, for example.

These are some of the outcomes we collect. We collect more. It helps us tell the story to our stakeholders and partners, and we think it aligns very well with what counselors are actually doing. We're pleased to begin collecting this data. Next slide, please.

Just a couple of our initiatives that I wanted to highlight, and then I'm going to pause for questions about our current program before we pivot to the certification rule. One of the things we've really been concerned about is the fact that we don't want to be the best-kept secret program out there, and so we've been working to increase the awareness and visibility of housing counseling so that people avoid paying money to con artists, for lack of a better word. I'm sure each of you have stories of folks who have been unfortunately seeking this kind of help and don't know it's available.

I start, though, by talking about the research here. HUD has invested a large amount of resources in different types of research on the

effectiveness of housing counseling, including an extremely large scale randomized experimental study to show the impact of being counseled by a HUD program versus not.

The early results were published in June; they're very encouraging. But in addition to that very large study, we've collected on our website summaries of almost 30 studies that show outcomes associated with HUD housing counseling not just in pre-purchase or mortgage delinquency counseling, both of which the studies show are incredibly effective in helping people compared to similar folks who aren't counseled, but also in areas like rental counseling, financial capability, some of the other areas that counselors touch.

In our efforts to make people more aware, we've translated some of the research into a nifty infographic that you see on your screen, and we distributed these to our housing counseling agency network in December. We create toolkits that explain to partners like lenders and real estate professionals what housing counseling is and why they can partner.

Actually, this week, I was fortunate to be in a meeting with lenders and the Mortgage Bankers Association, very eager to learn how to make housing

counseling a more routine part of the home purchase process. We'll have more stakeholder meetings and meetings with housing counseling agencies to help them tell their story. Hopefully, we'll make a dent on the awareness.

With that, I want to pause for a minute and ask Art to give you instructions. If you would please, ask a question if you have any about the Housing Counseling Program generally before I turn to the certification rule. Art?

Moderator Thank you. [Operator instructions]. Allowing time for participants to queue up for phone questions. There's no one in the phone queue at this time.

Sarah Thank you, Art. I'm going to be tempted to pick on some of you and ask questions, but I'll keep going for now. I'm sure you'll have questions when we get to the certification part, and I do encourage you to also use the chat box if you have questions or comments. We'll monitor that as we're doing the presentation. So let's go to the next slide, please.

So the Final Rule on Housing Counselor Certification was published last month. We have the Federal Register Citation there. If you haven't already spent hours of your life reading 110 pages of the Final Rule in the Federal Register, it's going to be a major motion picture. The important parts to know up front—and there's a lot of important parts, so we will go through them in a way that makes sense—but I want to highlight at the very beginning that the final compliance date for Housing Counselor Certification part of the Final Rule is 36 months after the certification examination becomes available.

We have not published the certification exam that's part of the process. We have to finalize some technology changes, and we expect to do that very soon. When we have the exam available, we will publish another Federal Register notice, and it's on that date that the 36 months start ticking. You won't have to have your programs entirely compliant until 36 months from the day the test is available. Next slide.

Stepping back, why are we doing this anyway? Well, we can say Congress passed a law and has mandated certification, which is true, but we think there are a lot of benefits to this, and the more we talk to agencies who do counseling, they see the benefits, also. Certainly, it fits

with the visibility and awareness. If each of your counselors are certified by HUD in addition to your programs being certified by HUD, it makes it much easier to explain to the public at large what counseling is, and it becomes less fragmented for them.

We will be creating professional recognition for housing counselors. They will be certified, they will be on a roster in a federal system, and that may mean better pay for them. It may be a little strain on the budget for the agencies, but we think that it will raise the level of professionalism overall.

Because counselors will have to pass a test in six subject areas— and I'll talk about this—they will have broader knowledge. They won't be expected to be experts in all six areas or they won't be expected to deliver counseling services in all six areas, but by being exposed to that information, we believe they'll do a better job of counseling. They'll make better referrals. They'll be able to tell the client what to expect if they are transitioning from owner to renter, for example, or from homelessness to rental housing.

Counselors will be eligible, and programs, for grants and scholarships.

We use our appropriations for HUD-approved counseling programs, and we will continue to support that process. The consumers, we think, will benefit from being able to recognize good programs that aren't scams.

As you'll see, all programs that offer housing counseling in connection with any program of HUD are going to have to meet a similar set of standards set by OHC, which stands for the Office of Housing Counseling. We think that having a national set of guidelines that all housing counseling programs need will be a benefit for the consumers and the counselors, as well as the entities that support these programs. Next slide, please.

So, a couple of the key provisions—and I'm going to go through these together and then we'll pause for questions. I have a few slides that all go together. First of all—and very important for you all to understand—all housing counseling that is provided under or in connection with any HUD program must be performed by a HUD-certified housing counselor. A HUD-certified counselor is a two-prong requirement. First, the counselors have to pass the certification examination, and second, they have to work for a HUD-approved housing counseling agency.

The counselors individually have to be certified by passing a test and working for a HUD-approved counseling agency, and then any housing counseling that's delivered in connection with a HUD program must be performed by a HUD-certified housing counselor. I'll say again, this all has to be in place three years from the date the certification exam becomes available.

So let me drill down for a minute into the counselor certification. Ginger? First of all, there are six topics on the exam, and I'll show those on the next slide. Counselors only have to pass the certification examination once. There's no additional exam, and there's no continuing education requirements in the rule. There are existing training requirements in the HUD standards.

The counselor has to work for an agency that's approved to participate in the Housing Counseling Program either directly approved by HUD or an affiliate of a HUD-approved national intermediary or housing finance agency. Counselors can become certified as soon as the exam is available. So when we publish that Federal Register notice, we will be ready to start developing a list of certified counselors, and we encourage them to

become certified early for a number of reasons. Repeat, repeat, repeat, all agencies have to comply with this requirement and all counselors 36 months after the exam is available. Next slide.

So there are six major topics of testing. These are in the statute; we didn't change, add or delete: financial management, property maintenance, responsibilities of home ownership and tenancy, fair housing laws and requirements, housing affordability, and the last one is really long, and it's basically mortgage delinquency or preventing delinquency/preventing eviction.

The counselor has to pass all six topics on the examination. If they fail the examination, they have to take it again with all six topics. The goal of the legislation and the benefit of the certification is a broad knowledge of housing challenges that clients may face, not a specialist level, not a masters or Ph.D. level but a broad knowledge of housing. These are the topics that will be covered and must be passed. Next slide, please.

The examination will be available on a website that is up now, and if you haven't visited hudhousingcounselors.com, I suggest you do. We already have a free study guide on the website. It's very thorough, and it's very

good. The examination can be taken online if you have equipment, which I think equipment means a webcam, or at a proctoring service. We worked a lot to make sure that we could avoid fraud in the examination, and so we will make sure that it meets requirements so that we know the person taking the examination is the person that we're giving the certificate to.

The cost in the Final Rule is estimated to be \$100 to \$140. That might change. We will notify you if it changes, and it could go up or down. It's basically covering the cost of delivering the examination. The exam and the materials will be available in English and Spanish, and counselors can take the examination as often as they want until they pass, but they must pay the fee each time if they have to retake the examination.

Let me pause here. Our next stage is going to be to talk about the HUD programs affected by the rule, but let me just ask if there are questions about the certification process that I mentioned. Art, do you want to ask?

Moderator

I'd be happy to. [Operator instructions]. No one has queued up at this time.

Sarah

Okay. Going ahead to the next slide, please. The final rule, as you heard, applies to all organizations that deliver housing counseling required by or provided in connection with all HUD programs. Again, that's statutory language. Housing counseling that's done in connection with programs if it's funded by CDBG, if it's required by a family self-sufficiency home ownership program, if it's part of the home or housing trust fund ownership requirement, then that housing counseling will have to be delivered by a HUD-certified counselor and a HUD-approved housing counseling agency.

Now having said that, there's a couple aspects to it I want to drill down on again. First, the final rule is very narrow about what is housing counseling. Let's go the next slide.

I'd like to say housing counseling, if it walks like a duck and quacks like a duck, it's housing counseling. If you call your program housing counseling, if you're funding it with CDBG and you check in the CDBG system that it's for housing counseling, it's going to be covered by this rule; however, there are things, many things, activities that are not housing counseling. Services that solely provide housing information, placement

or referral are not housing counseling services. We consider that information.

Routine administrative activities are not housing counseling. If you have a loan program or a mortgage program, your intake and eligibility determination is not housing counseling. If you are renting up a subsidized housing project, your intake and eligibility assessment is not housing counseling. Case management that is part of a larger holistic case management program but housing services or a piece of that is not housing counseling. Housing opportunities for people with AIDS, CFG, the Continuum of Care Program generally would not be considered housing counseling but broader case management.

Now for all of these—and I'll call it out for this one, for example—if you're doing housing counseling, and you're calling it housing counseling, then you will be subject. So HOPWA, for example, or Continuum of Care Programs can permit housing counseling as an eligible activity or can decide on a local basis to require housing counseling as part of the Continuum of Care Program. If that happens, that Housing Counseling Program would fall under the Final Rule.

Finally, on this list, fair housing advice and advocacy offered in isolation from housing counseling is not housing counseling. Fair housing programs, for example, that are assessing whether to make a complaint with a fair housing organization or providing legal services would not be housing counseling again unless that agency chooses to offer housing counseling, as well.

We're going to keep going, and then we'll pause again for questions in just a moment. If you are a pass-through organization or a funder but not doing direct service delivery, staff of those organizations where the roles are just limited to administering funds or funding compliance, as long as you're not providing direct service to clients, those people are not required to become HUD-certified housing counselors, and those entities are not required to become HUD-approved housing counseling agencies.

The key here is if you're doing the direct service delivery that's who will be affected. If you're not doing the direct service delivery, that organization may not be affected, but if you're funding direct service, then you have a compliance obligation to make sure those sub-recipients are compliant. Next slide, please.

If you're an organization today, for example, that has programs that are covered by the Final Rule—and I'll make up an example here to run through these four alternatives—if you administer a down payment assistance program that is partly funded with CDBG funds, an allowable use, and you are doing the housing counseling associated with that in-house and you're not HUD-approved or you're contracting with entities to do the housing counseling, and they are not currently HUD-approved housing counseling agencies, you have four choices in that scenario.

You could first apply to HUD to become approved as a HUD-approved housing counseling agency or you could affiliate with a HUD-approved intermediary or state housing finance agency. Second, you can partner with an existing HUD-approved housing counseling agency to deliver the direct services although you're not doing it directly. Third, you could modify the program to become compliant. That may mean substituting CDBG funding with reserve funding or state-appropriated funding that would not trigger the Final Rule, for example. Finally, you could choose to stop delivering housing counseling services as part of the program before the final compliance date.

What I'm hoping that we'll get when we open the phone lines again is not only questions about all of this, but I'm very, very eager to hear from you where this may affect your program and how you will work through which of these choices might make sense for you if you can think that through right now. The next slide, please.

There are other provisions in the Final Rule that I did not emphasize here because I really wanted to talk about this aspect of triggering different HUD programs, but if you're already in the HUD Housing Counseling Program, some provisions will be effective today. The requirement that the content of home ownership counseling has to address the entire process of home ownership, requirements related to home inspection materials, requirements relating to the material violation and its use of funds and requirements relating to prohibitions on election law violation.

We are not prepared to enforce these requirements at the end of the day today when they become effective. We believe that most of them are already part of our organization's program, and we will be sending out training and toolkits to show how to ensure compliance if there are any questions. We will be phasing this in and working with our organizations to make sure they have all the tools they need to be fully compliant, but

technically, those parts of the rule are effective as of today. Next slide, please.

The rest of the requirements in the rule, especially relating to certification, are effective three years after the examination becomes available. The requirement that all individuals who provide counseling in connection with the HUD program are HUD-certified counselors. The problem is that the agencies providing that counseling are approved to participate in our program. The requirement that counseling gets done under these programs has to be reported to us in the Office of Housing Counseling through the Form 9902, and anything that is reported is done by HUD-certified counselors. Next slide.

A few more things become effective in the 36-month timeframe. Intermediaries and state housing finance agencies have to ensure that their housing counseling done by their affiliates is performed by HUD-certified counselors. I didn't emphasize this before, but there's a requirement that group education has to be overseen by a HUD-certified housing counselor on the final effective date, and that agencies applying newly to participate in HUD's housing counseling programs have to meet all of the certification requirements, meaning they have to meet our requirements

that their housing counseling staff are certified, as well. Next slide, please.

If you or your affiliate are not a HUD-approved housing counseling agency today, but you would like to continue offering housing counseling and would like to become compliant, your first step may be to decide to become a HUD-approved housing counseling agency or intermediary. There are certain qualifying criteria here, and this is just some of them.

We have a section of our website that is devoted to new agency applications and the process for becoming a HUD-approved housing counseling agency. We are streamlining that process quite a bit, and you'll soon see toolkits involved to help you through the process even more, but you can also just e-mail us to schedule an appointment to evaluate your readiness for becoming a HUD-approved housing counseling agency.

We do quite a few of these, and certainly, if you've been doing housing counseling, it may not be a large leap to become a HUD-approved housing counseling agency, but we do need to make sure you're familiar with our standards and requirements, and we want to help you get there. We also

have training in this area both on our website and that we will be offering going forward, and we would love to be your partner in making sure that the transition to these standards is as painless as possible and actually hopefully very positive. Last slide.

Our office has a website. The testing website is a separate website. Our general information is on HUD Exchange, and you can e-mail us, as well. The HUD Exchange website has a whole page on certification and the Final Rule. We have a very long list of frequently asked questions that are customized to each HUD program, so if you have specific questions about use of CDBG funds or about the relocation program or any program you may have, we probably have an FAQ for that. If you come up with a question that stumps us, we would be thrilled and we will run around and add the answer and question to our FAQs once we do the research.

With that, I really would like to open it up and sincerely hope some of you will just tell me a little bit about your programs, your reaction to this and certainly any questions you have that I didn't address. I'll turn it back over to Art again one last time to open the phone lines.

Moderator

[Operator instructions].

Lorraine Sarah, this is Lorraine. While we're waiting for folks to queue up to talk, we actually did receive a question. The question was about the group education requirement and does the counselor overseeing the class have to be present during the class.

Sarah This is one of my favorite questions, Lorraine. Do you want to go ahead and give the answer?

Lorraine We do use the word overseeing, and we prefer, yes, that that would be the purpose of the counselor. I also want to clarify that guest speakers, such as if you invited a lender or a real estate professional to speak during the class, they do not have to be certified, but the counselor can oversee their presentation to make sure, for one example, that they're not just promoting their own program during that.

Bill, did you have anything else to add to it?

Bill Yes. I think one of the core concepts is that a certified counselor must know what the curriculum is, must have reviewed what's going on in the class and that sort of thing. We do have some types of education that are

not such that the counselor must be physically there because I think that's what the question is, do they have to be physically present, but they must oversee the class, and there's different levels of oversight. It's important that they know that they've approved the curriculum and that sort of thing.

Sarah Yes. I think that it's a great question, actually, and something that we're going to dive into more both in training and in FAQs. Education is delivered in many different ways right now. The rule does not require the certified counselor to be present every minute of the course delivery, but we do want to clarify what overseeing education means, so we will be addressing that further. Thank you.

Lorraine I actually have a follow-up question before we can check the phone lines, and that was how will this affect online education. I think Bill's answer is appropriate for this that the counselor must be aware of the curriculum that's being offered online and has reviewed that curriculum.

Sarah That's how we understand it. The online education has to meet our content standards, and we review that now. When we go out on an oversight review, we look at what's being delivered, how it's being delivered, is there an opportunity to ask questions and is counseling being

offered for the participants in the education. Those requirements would continue, and they would be the same, but this new requirement of seeing that education is overseen by a certified counselor means that there'll have to be an explicit review by the counselor of the curriculum and the service delivery.

Are there any questions from the phones?

Moderator No one has queued up on the phone lines.

Sarah They're so shy. I hope that you will give us feedback both on a number of things. I would love feedback on this presentation. If there's anything we can do to make it clearer or I think we're already taking notes on spelling out more about the group education, we would very much like to know how this will affect your programs. If you're all HUD-approved already and ready to go, that would be good for us to know.

If you really have to talk to other folks who may be delivering other programs within your agency, please let us know how we can help. We are interested in delivering these presentations to any audiences you feel would be helpful. If you have suggestions for outreach that we can do in

your state or among stakeholders, we are happy to do that and take questions from the direct service providers directly or other intermediaries.

I'll give Art one last try for questions before we close up.

Moderator [Operator instructions].

Sarah Lorraine, did you get another question?

Lorraine I did. I got two more questions that I'd like to share with the group, Sarah. The first one was just verification that once the counselor passes the certification exam, they are no longer required to take additional training to maintain the HUD certification, and that is correct. It's a one-time only. But there's a second part to this question, and the writer mentions that NCRC and NeighborWorks, for example, provide training courses to obtain professional certifications and is that still recommended.

Sarah Great question. Well, these are both great questions. On the continuing education, I do want to emphasize that although continuing training is not required for the HUD certification itself, it is required for the agency to continue to be a HUD-approved housing counseling agency. We do look

at the training that the counselors have taken because we are evaluating their expertise overall. That's why we fund a lot of training and why we're so proud of the quality of the services the counselors deliver.

Of course, I blanked out on the second question, Lorraine. Would you repeat it?

Lorraine That was the two parts of that one. You answered that, and then we got an additional question.

Sarah I'm sorry, the NeighborWorks certification question is yes, there are other certificates, not just training classes, that are offered—NFCC, NeighborWorks, NCRC and La Rosa [ph] all offer their own types of certification. Here's how we look at that. The HUD certification is really a basic broad certification. It's a 101 or a Bachelor's Degree.

The national industry standard level—NCHEC certification from NeighborWorks, some of the others—we really do love seeing counselors go through those and consider those the Masters Degrees. For example, you can get certified by some of these entities in delivering delinquency and foreclosure prevention services. That's not what this certification

does. We encourage people to continue to pursue advanced certifications from the other service providers in addition to the training. Thanks, Lorraine. Sorry.

Lorraine Absolutely, Sarah. I have to totally agree with you. We very strongly encourage continuing education and certification. I have one last question in the queue and that is if an agency does not apply for HUD funding are they still required to have certified housing counselors.

Sarah The answer is yes. This Final Rule, it does not matter whether you're applying for grant funding or not. Any housing counseling conducted that's required under or provided in connection with any HUD program will have to be done by a HUD-certified housing counselor. However, a HUD-certified housing counselor must be part of a HUD-approved agency. You do not have to apply for funding, but you will be eligible to apply for funding under the HUD Housing Counseling Grant Program.

The grant application, for those of you that may not have looked at that application recently, has been significantly streamlined. We offer competitive application every two years. Recently, we've been authorized to do that by Congress where the second year is just a simple request for

additional funding. It's all subject to appropriations; Congress tells us the term. But as a HUD-approved agency, you will be eligible to apply for funding, but the reverse is not true. If you're not funded, you still have to comply with these Final Rule requirements. These are great questions. Thank you.

Moderator We do have a question on the phone lines, if you're ready.

Sarah Yes.

Moderator Heather Boman, you're open. Please go ahead.

Heather Okay. Thank you. Just curious on some clarification with regards to employment of certified housing counselors when the actual certification exam comes out, my understanding through the reading of the Final Rule was that individuals wouldn't necessarily have to be actual W2 employees of a counseling agency, that they could be listed as a volunteer staff member that is a certified counselor. Is that correct or am I misinterpreting that?

Sarah I'm going to turn this question over to Bill McKee. We were very concerned about permitting counseling agencies to have an employment relationship in a flexible way. Let me turn that over to Bill.

Bill Yes, absolutely. First of all, a couple of concepts here, during the three-year period, of course, there is no certification requirement so that the requirement that any housing counseling provided under or in connection with a HUD program has to be performed by a certified counselor. It's not until the final compliance date three years after the testing begins that this must be met. So in the interim, it's not a requirement.

In terms of who can become certified, all that's required is that an individual pass the test and work for an agency. When we say work for, work for does include volunteers. They don't have to be W2 employees, as you will. Work for an agency is a broader term, and we do have FAQs out there that go into and explain that in terms of who can become certified.

Then once you get in to pass the final compliance date, any housing counseling performed under or in connection with—so any housing counseling being done by individuals when we say working for the agency

be they volunteers, be they different types of employees, any housing counseling being performed by the agency would have to be performed by a certified counselor. I hope that helps clarify it a little bit.

Heather That does. I'm assuming that HUD will require some sort of a contractual volunteer agreement between the agency and the counselor to basically certify that that relationship has been established. Is that correct?

Sarah I think the key there is that the agency has to stand behind the work of the counselor.

Heather Okay.

Sarah The counselor has to have a legal relationship to the agency. So for example, with the contract employees or part-time employees or other things are governed by both state and federal law, we don't really want to get into that. But I think the core content matter we're going to look for is the agency standing behind and supporting the work of the counselor.

Our whole program is premised on the fact that an individual by themselves without an agency behind them is not going to deliver good

quality housing counseling services. We don't want people individually setting up a shingle and say hi, I'm your housing counselor, without supervision, without training, without peer sharing resources, without support.

There does have to be a relationship there, and we thought the term "works for" allows a lot more flexibility than saying employed by. That's what the FAQs address, but they do have to be in a relationship that provides support.

Heather Thank you.

Sarah Great question. Thank you.

Moderator [Operator instructions]. No one has queued up on the phones.

Sarah Thank you. Again, I'll thank you all for giving us your time on Friday. These questions will help make our future presentations better but also encourage you to e-mail us with any additional feedback or questions you might have about your program.

Again, I want to thank my team and Art for facilitating this call and wish you all a very happy and meaningful Martin Luther King Day on Monday and all the best. Thank you.

Moderator

Ladies and gentlemen, that does conclude your conference for today. Thank you for your participation and thank you for using AT&T Executive TeleConference Service. You may now disconnect.