



Phoenix HUD Office Housing Counseling Roundtable

April 26, 2017

Welcome and Introductions

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Agenda

Part 1 – Understanding HUD’s Final Rule for Housing Counseling Certification

Part 2 – Roundtable Discussion for HUD participating Housing Counseling Agencies



Housing Counseling Certification

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Office of Housing Counseling

Agenda - Part 1

- HUD's Office of Housing Counseling
- What is Housing Counseling?
- Housing Counselor Certification
- Effect on Other Housing Programs
- Homeownership Counseling Requirement
- Resources and Other Information

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.”

- HUD’s network of approximately 1,900 housing counseling agencies
- HUD monitors compliance with HUD regulations and oversees independence, conflicts of interest, content and process standards
- HUD connects clients with participating housing counseling agencies
- HUD provides grant funding for qualified applicants

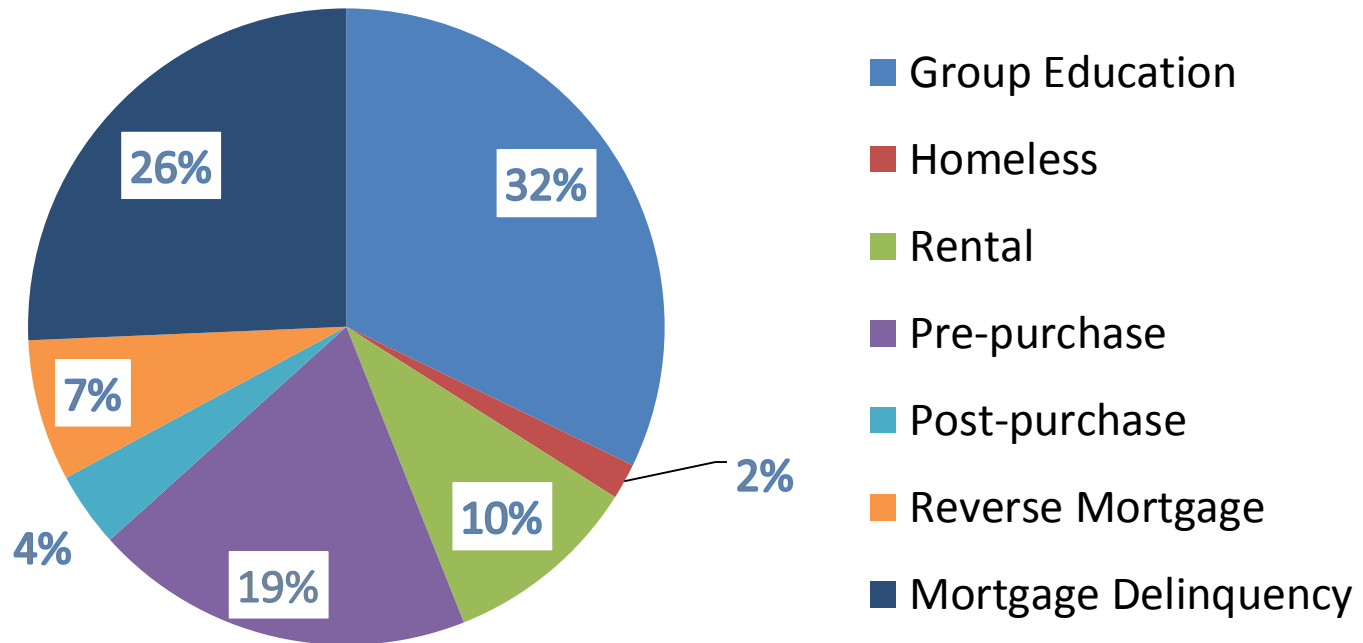
What is Housing Counseling?

- Housing Counseling is independent, expert advice customized to the need of the consumer to address the consumer's housing barriers and to help achieve their housing goals.
- And must include the elements on the next slide

Housing Counseling Elements

- Intake
- Client budget
- Financial and housing affordability analysis
- An Action Plan, except for reverse mortgage counseling
- Referrals
- Reasonable effort on follow-up with client

National Housing Counseling Activity FY16



Total Counseling Activity – 1,207,849 Clients

National Impact of One-on-One Counseling FY16

388,581

- Worked with housing counselor to develop a sustainable household budget

293,657

- Received fair housing information

197,613

- Improved financial capacity

190,106

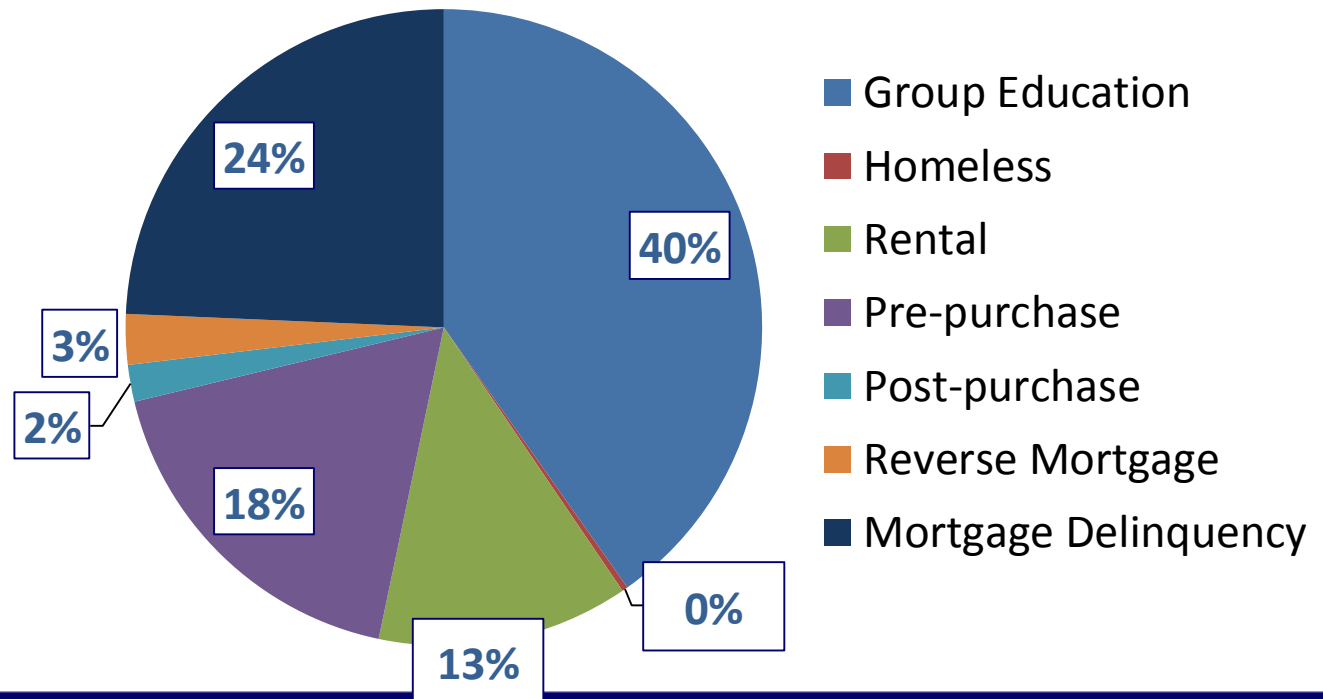
- Gained access to resources to help improve housing situation

Arizona - Housing Counseling Activity FY 16

39 Agencies Reporting

Approximately \$500,000 in FY 16 HUD Funding

Total
Counseling
Activity
FY 16
28,095



Arizona Impact of One-on-One Counseling FY 16

7,586

- Worked with a Housing Counselor to develop a sustainable household budget

3,621

- Received fair housing information

2,300

- Received one-on-one counseling and group education

2,099

- Improved financial capacity after receive housing counseling

Program Initiatives

- Research
- Beat the Odds posters
 - Available for download on HUD Exchange
- Toolkits for industry professionals
- Housing Counseling Federal Advisory Committee

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 Counseling Works

After four years, counseled borrowers had improved credit scores, less debt and fewer delinquencies.

2014 Federal Reserve Bank of Philadelphia

Counseled homeowners were 2.83 times more likely to receive a modification, and at least 1.78 times more likely to cure a default, than similar non-counseled borrowers.

2014 Urban Institute

Borrowers receiving pre-purchase counseling and education...are one-third less likely to become 90+ days delinquent over the two years after receiving their loan.

2013 Neil Mayer & Associates study

NeighborWorks borrowers were more likely to be African American, Hispanic, low income, or female than the general population of borrowers. This finding confirms our hypothesis that these housing counseling services are predominantly serving disadvantaged homebuyers to help them realize the American dream.

2016 Urban Institute Housing Finance Policy Center Research Report

The NeighborWorks homeownership education and counseling program works even when it serves more disadvantaged homebuyers in a tight-credit low-default housing market.

2016 Urban Institute Housing Finance Policy Center Research Report

Counseling reduces the delinquency rate by 29% for first time homebuyers and by 15% overall.

2013 Freddie Mac study

Homebuyer education and counseling successfully encourage participants to communicate proactively and productively with their lenders in times of financial distress.

2016 First-Time Homebuyer Education and Counseling Demonstration: Early Insights

Borrowers who have undergone NeighborWorks pre-purchase counseling perform significantly better than those who do not. The default rate of NeighborWorks loans are 16 percent lower than those of non-NeighborWorks loans.

2016 Urban Institute Housing Finance Policy Center Research Report



HOUSING COUNSELOR CERTIFICATION



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.

Benefits of Certification

Broader knowledge = better counseling	Create professional recognition for housing counselors	Elevate the value of the program for consumers
Consumers avoid scammers and con artists	A credential for counselors	Consumers benefit from HUD approved agencies
Housing counseling offered in connection with HUD programs meets OHC standards	Programs and counselors eligible for grants and scholarships	Increased visibility and awareness of housing counseling

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

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 (1 of 2)

- Counselors must register for and take the examination through www.hudhousingcounselors.com
- Free practice exam and a free study guide available
- Can take examination proctored on-line or at a proctoring site

Certification Exam (2 of 2)

- 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 will publish a Federal Register Notice to announce the availability of the exam

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



OTHER HUD PROGRAMS



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.

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 (e.g. processing complaints and filing claims)
- Group education without individualized services

What is Group Education?

- Provided for one or more people (classroom, online, conference call or other delivery method)
- Major differences from Housing Counseling:
 - Not customized for individual needs
 - Does not offer individual financial analysis or a client action plan
- HUD approved Housing Counseling Agencies must offer counseling on the same topics as group education...
- ... and a HUD certified housing counselor must oversee group education

Organizations Possibly Affected

1. State and Local Governments
2. Public Housing Authorities
3. State Housing Finance Agencies
4. Community Housing Development Organizations
5. Other nonprofits or government agencies

Affected HUD Programs

- 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

Examples

- HOME
 - Down payment assistance
 - Purchasing units developed with HOME funds
- CDBG
 - Paying for Housing Counseling
 - When assistance requires housing counseling
- Family Self-Sufficiency
 - If homeownership counseling is performed with FSS funds the coordinator must be certified

Options for Affected Agencies

- Apply to HUD for approval or join a HUD-approved Intermediary or State Housing Finance Agency as an affiliate
- Partner with other HUD approved Housing Counseling Agencies
 - Informal or formal referral agreement
 - Funding agreements
- Modify the program to be compliant
- Stop delivering Housing Counseling services

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/

Housing Counseling Agency Eligibility Tool

- Online tool for prospective housing counseling agencies:
 - Walks potential agencies through the required criteria for HUD-approval
 - Includes educational materials on becoming HUD-Approved
 - Provides an agency with a user report to follow up on next steps

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.

What is “Homeownership Counseling”

Homeownership counseling is housing counseling that covers:

- the decision to purchase a home,
- the selection and purchase of a home
- issues arising during or affecting the period of ownership of a home (including financing, refinancing, default, and foreclosure, and other financial decisions)
- and the sale or other disposition of a home.

Examples of Homeownership Counseling

Based on the new definition for homeownership counseling, the requirements for homeownership counseling topics will apply to:

- ✓ Pre-purchase
- ✓ Post-Purchase non-default
- ✓ Mortgage Default
- ✓ HECM/Reverse Mortgage

Homeownership Counseling Requirement

§ 214.300 Counseling services.

- (7) All participating agencies that provide homeownership counseling, **shall address the entire process of homeownership**

Homeownership Topics

- The **agency** must be prepared to address all the homeownership topics
- Which topics must be covered for a specific client?
 - Those topics that are **relevant** to each client's individual needs and circumstances **or**
 - If the client has requested information on a homeownership topic



RESOURCES AND OTHER INFORMATION

Resources

- www.HUDExchange.info/housingcounseling
 - Press Release and Federal Register Notice
 - List of HUD Programs covered by Housing Counselor Certification
 - Chart of Key Provisions and Dates
 - Subscription and Archive of The Bridge newsletter
 - Toolkits and Program Models

Frequently Asked Questions

- Answers to most of your questions about the Housing Counselor Certification and the certification process
- www.hudexchange.info/housing-counseling/faqs/
- FAQs available as a searchable database or a PDF



Office of Housing Counseling

Find us at:

www.hudexchange.info/counseling

Counselor Training and Testing website:

www.hudhousingcounselors.com

Email us at:

Housing.counseling@hud.gov



Agenda - Part 2

Roundtable Discussion

Stephanie Smelnick

Lorraine Griscavage-Frisbee

Discussion Topics

- Housing market conditions and FY 2017 Client requested services trends in Arizona
- HECM counselors
- Serving Rural Communities – challenges/best practices

Discussion Topics

- Training Needs/Experience
 - ✓ OHC Training Webinars
 - ✓ Scholarship Availability
- The Bridge
- Open discussion