



# Salt Lake City HUD Office Housing Counseling Roundtable

June 14, 2017

# Welcome and Introductions

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Salt Lake Office

# Agenda

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

**Part 2** – Roundtable Discussion on Housing Counseling Topics



# Housing Counseling Certification

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Office of Outreach and Capacity Building  
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

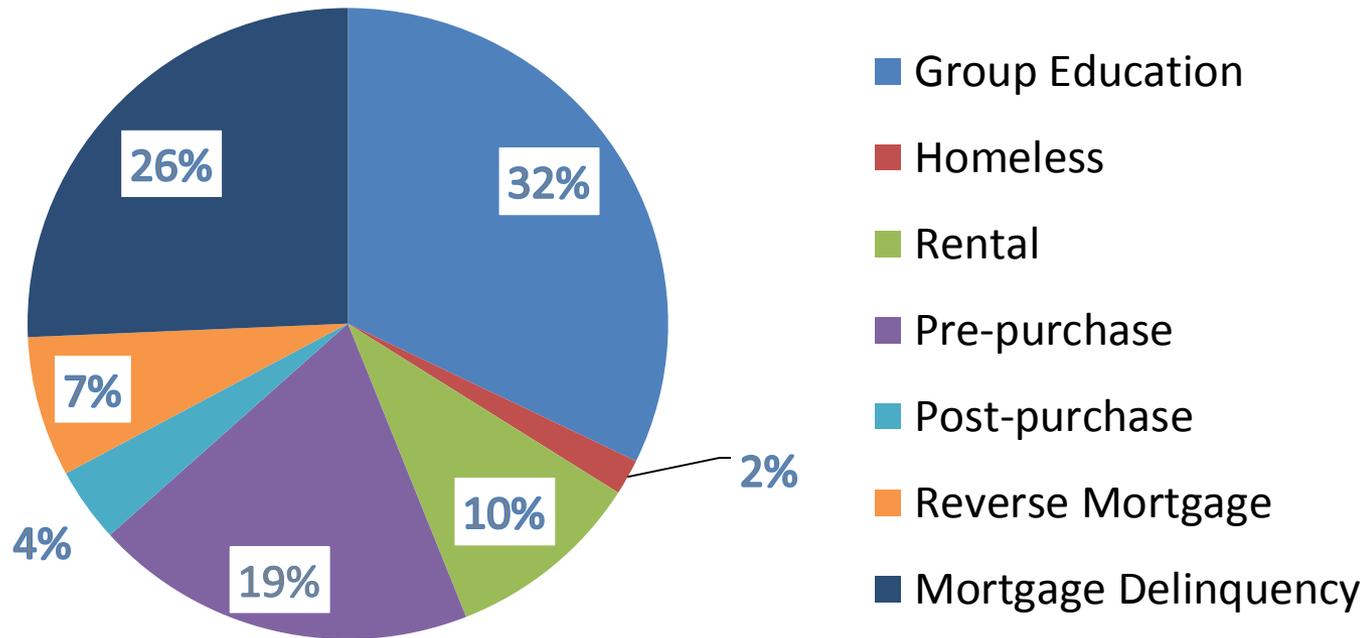
# What is Housing Counseling?

- 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

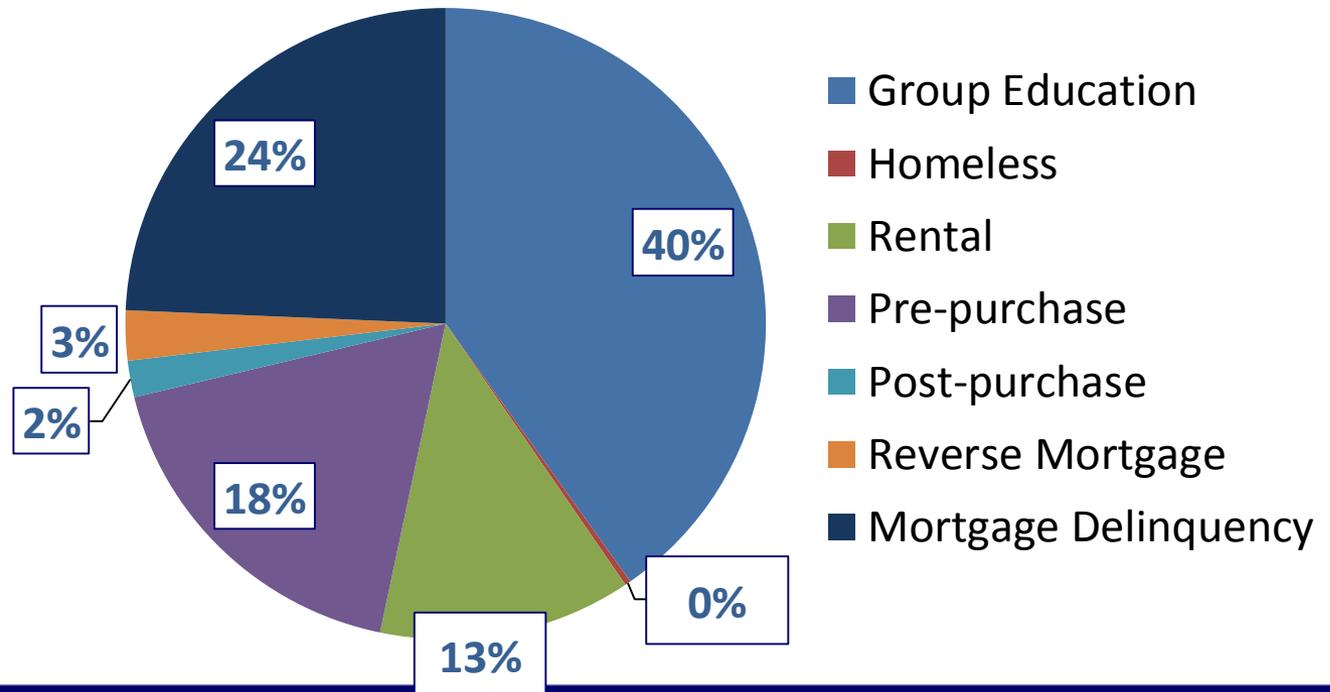
- Gained access to resources to help improve housing situation

# Utah - Housing Counseling Activity FY 16

12 Agencies and Branches Reporting

Approximately \$163,000 in FY 16 HUD Funding

Total  
Counseling  
Activity  
FY 16  
28,095



# Utah 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](http://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 **after July 31, 2020**.
- 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 – HUD will announce the start date of the examination

# 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 3)

- Counselors must register for and take the examination through [www.hudhousingcounselors.com](http://www.hudhousingcounselors.com)
- Free practice exam and a free study guide **will be available before the examination starts August 1, 2017**
- Can take examination proctored on-line or at a proctoring site

## Certification Exam (2 of 3)

- Cost \$60 on-line and \$100 on site
- Available in English and Spanish
- Can take multiple times until counselor passes – must pay fee each time
- HUD published a Federal Register Notice to announce the availability of the exam **May 31, 2017**
- Examination start date **August 1, 2017**

# Certification Exam (3 of 3)

- How can agencies and housing counselors prepare for the start of the examination?
  - Start studying now for the examination
  - Register at [www.hudhousingcounselors.com](http://www.hudhousingcounselors.com)

# 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



# 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](mailto:housing.counseling@hud.gov) to schedule an appointment
- [www.hudexchange.info/programs/housing-counseling/agency-application/](http://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](http://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/](http://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](http://www.hudexchange.info/counseling)

Counselor Training and Testing website:

[www.hudhousingcounselors.com](http://www.hudhousingcounselors.com)

Email us at:

[Housing.counseling@hud.gov](mailto:Housing.counseling@hud.gov)



# Agenda - Part 2

## Roundtable Discussion

Kelly Jorgensen

Lorraine Griscavage-Frisbee

# Discussion Topics

- Housing market conditions and FY 2017 Client requested services trends in Utah
- Are there any challenges for locating in-person HECM counselors or helping HECM clients in default?
- Serving Rural Communities – challenges/best practices

# Discussion Topics

- Training Needs/Experiences
  - ✓ OHC Training Webinars
  - ✓ Scholarship Availability for Training Grantees
- The Bridge
- Housing Counseling Certification concerns
- Open discussion