



Housing Counseling Certification

Pennsylvania Housing Finance Agency

Jerrold H. Mayer

Director, Office of Outreach and Capacity Building
Office of Housing Counseling

May 4, 2017

1



Agenda

- HUD Housing Counseling Program
- Housing Counseling Program Updates
- Housing Counselor Certification
- Resources and Other Information
- Conclusion

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 2,000 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?

Definition from the Final Rule

- 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 processes on the next slide

Housing Counseling Processes

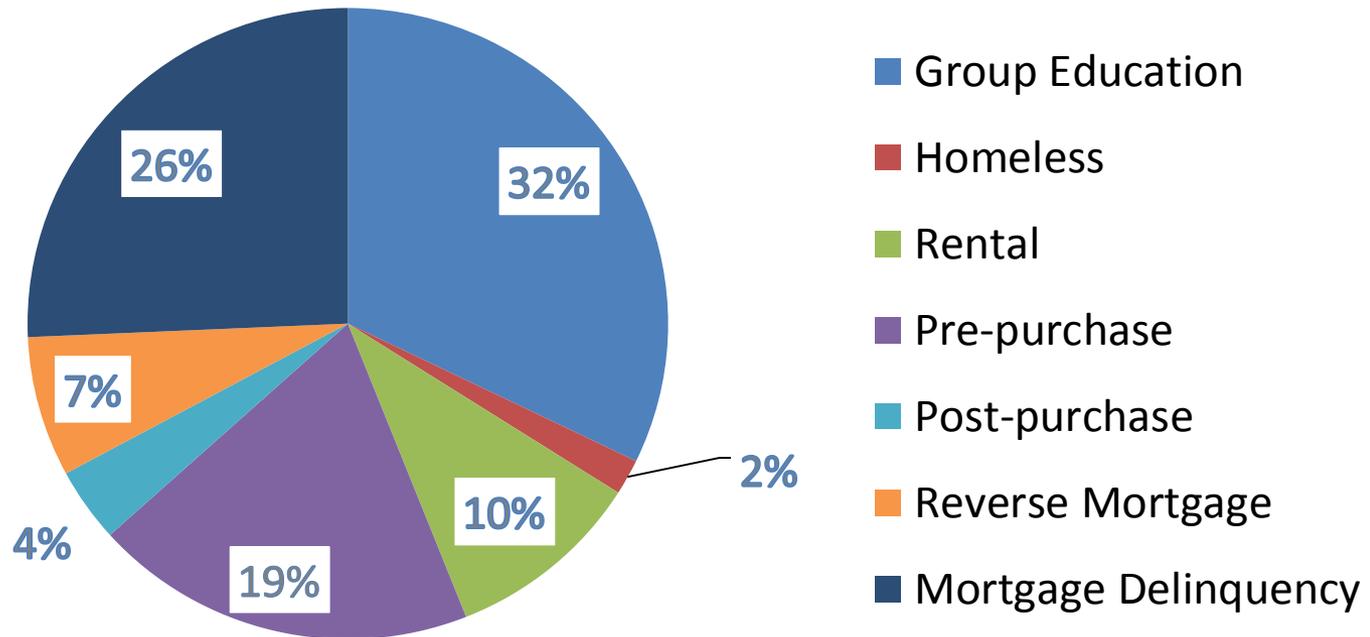
- Intake
- Client budget
- Financial and housing affordability analysis
- An Action Plan, except for reverse mortgage counseling
- Referrals
- Reasonable effort on follow-up with client

What is Group Education?

HUD's Handbook 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 counseling agencies must offer counseling on the same topics as group education

National Housing Counseling Activity FY16



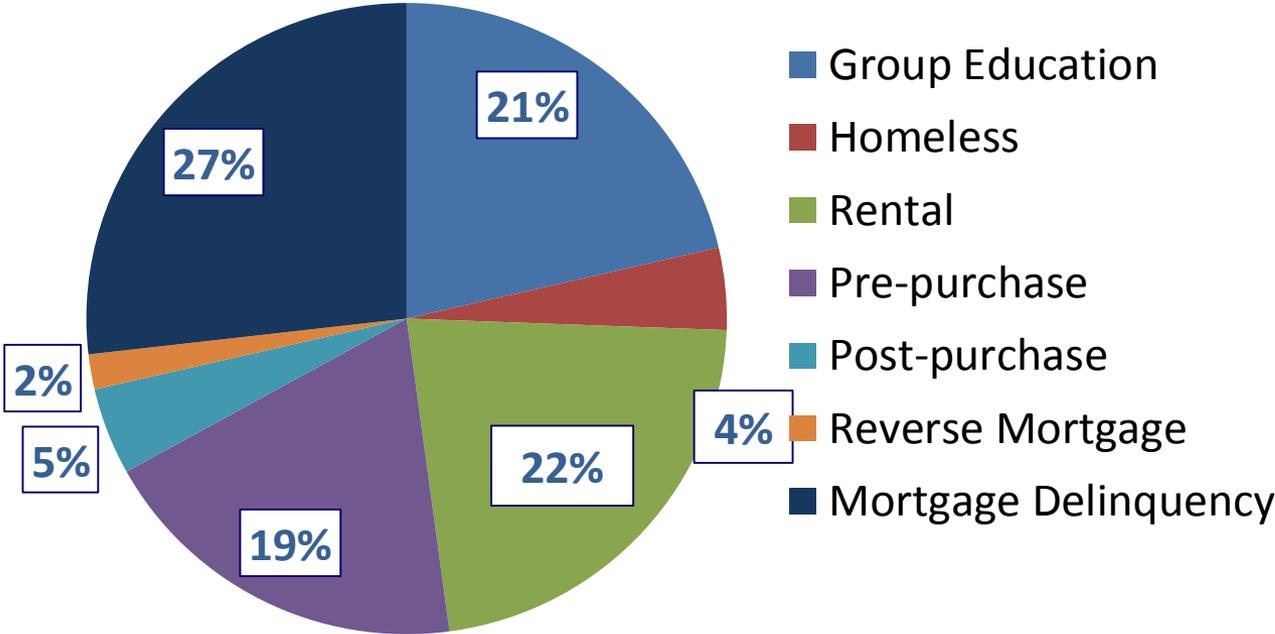
Total Counseling Activity – 1,207,849 Clients

PHFA Housing Counseling Activity FY 16

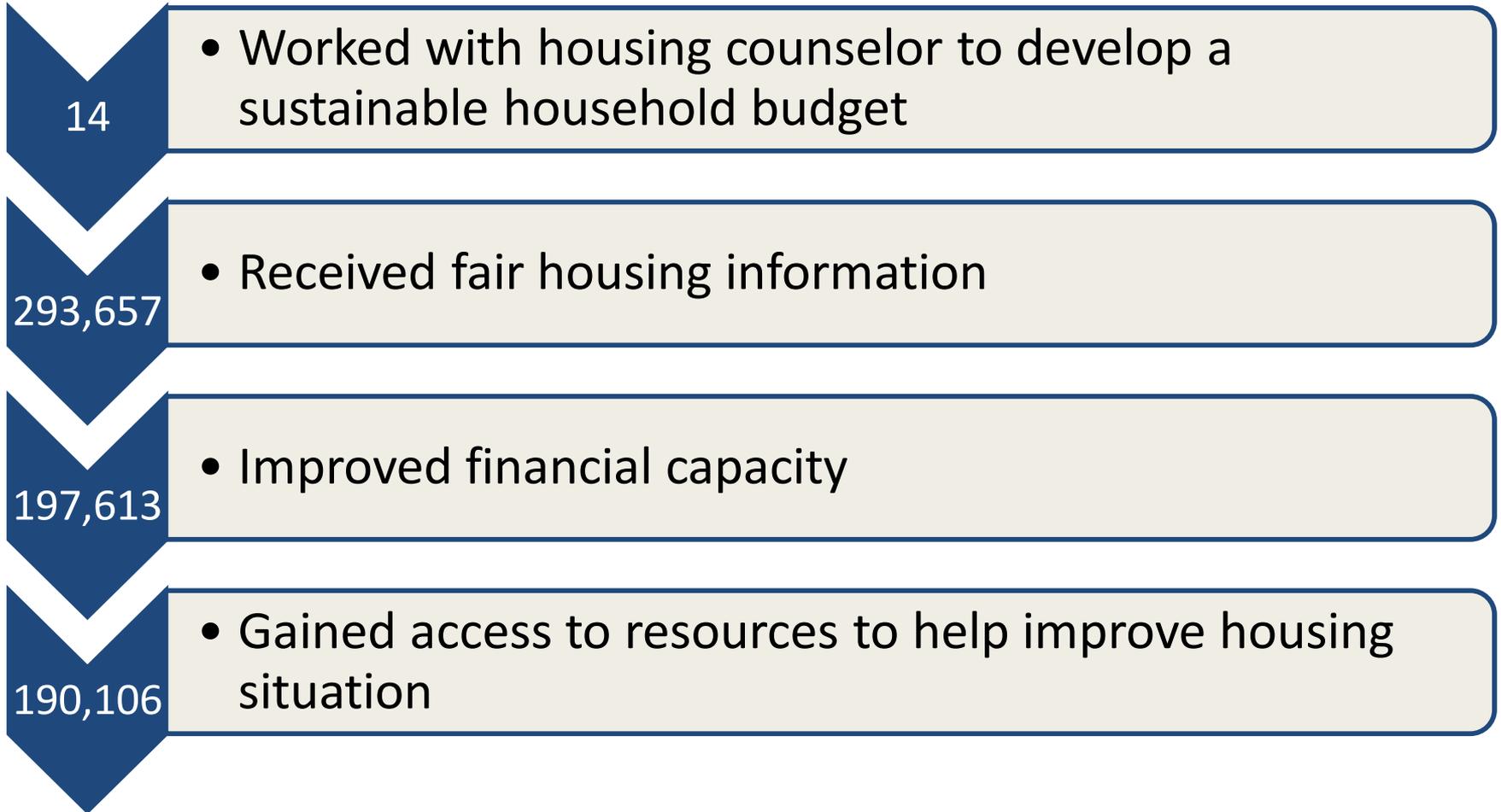
43 Agencies Reporting

Over \$1.3 Million in FY 16 HUD Funding

Total
Counseling
Activity
FY 16
23,246



National Impact of One-on-One Counseling FY16



PHFA Impact of One-on-One Counseling - FY 16

14,244

- Worked with housing counselor to develop a sustainable household budget

5,528

- Gained access to resources to help improve housing situation

5,180

- Households that improved their financial capacity

4,935

- Households that received information on fair housing, fair lending and/or accessibility rights

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

FY 2017 Supplemental NOFA Eligibility

- OHC published the FY17 Supplemental NOFA on January 31, 2017
- **Eligible Applicants:**
 - All housing counseling agencies directly approved by HUD and SHFAs that were not awarded FY 2016 funds from the 2016 – 2017 NOFA (directly or as a sub-grantee)
 - HUD approval must have been received prior to January 31, 2017
 - An agency that has not been approved but meets the qualifications for approval may affiliate with a State Housing Finance Agency or Intermediary
- Applications deadline March 17, 2017
- Funding amount is unknown and contingent on future Congressional action

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 availability of the exam.

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

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
- A free practice exam and a free study guide available
- Can take examination proctored on-line or at a proctoring site
- 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 (e.g. processing complaints and filing claims)

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

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.

Effective 36 Months after Certification Examination Becomes Available (1 of 2)

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 (2 of 2)

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.

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.

Additional Information

www.hudexchange.info/programs/housing-counseling/certification/

Useful information includes

- Press Release and Federal Register Notice
- List of HUD Programs covered by the Final Rule
- Chart of Key Provisions and Dates
- Frequently Asked Questions and Answers(FAQs)

Frequently Asked Questions About the Final Rule

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



Home > Programs > Housing Counseling > Housing Counseling FAQs

Housing Counseling FAQs

Export (xls)

Filters

FAQ Keyword Search:

Keywords

Topics:

- ▶ [Certification Final Rule](#)
- ▼ [Financial Management](#)
 - ▶ [Reimbursements](#)
- ▼ [HECM Counseling](#)
 - ▶ [HECM Counseling Fees](#)
 - ▶ [HECM Counseling Requirements](#)

FAQs Viewing 20 of 356 FAQs

Does an employee of an organization that oversees a network of Affiliates, Branches, and Subgrantees, such as for an Intermediary or a State Housing Finance Agency, need to meet the certification requirements?

Date Published: December 2016

Only individuals that provide direct housing counseling or that oversee group education classes must be certified.

What will be the format of the examination?

Date Published: December 2016

The Housing Counselor Certification Examination has approximately 90 multiple-choice questions. The test is designed to be completed in two hours, and accommodations will be made for those with disabilities. Guidance on requesting accommodations will be provided by the certification examination contractor.



Outreach on Final Rule

Outreach activities are posted on HUD Exchange under **Training Resources**

- Housing Counseling Training Webinar Archives
www.hudexchange.info/programs/housing-counseling/webinars/
- Training and Event Calendar
- Training Partners

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

Find listserve subscription:

www.hudexchange.info/counseling

Click on:

Mailing Lists for Housing
Counselors

[Subscribe to Housing Counseling Mailing List
and View Archive](#)





Office of Housing Counseling

You can email the presenter at:

Jerrold.h.mayer@hud.gov



