



Final Transcript

HUD-US DEPT OF HOUSING & URBAN DEVELOPMENT: Final Rule for Housing Counselor Certification for PHFA Housing Counselor Network

May 4, 2017/2:00 p.m. EDT

SPEAKERS

Virginia Holman
Patricia Breslin
Gerald Mayer
Terry Rudman

PRESENTATION

Moderator Ladies and gentlemen, thank you for standing by, and welcome to the Final Rule four Housing Counselor Certification for PHFA Housing Counselor Network conference call. At this time, all participants are in listen-only mode. Later, we will conduct a question and answer session, and instructions will be given at that time. [Operator instructions]. As a reminder, this conference is being recorded.

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

Virginia Thank you very much. Welcome, everybody, to today's webinar where we're going to discuss the housing counseling certification process. This is aimed specifically for you all in Pennsylvania, but I want to do some logistics before we get started. As the operator, said, the audio is being recorded. We will be posting the audio replay number along with the PowerPoint and a transcript on our page at HUD Exchange, and that will

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be in about seven to ten days, but the listserv will be sent out when that posting has occurred.

All your lines are muted. I sent out some handouts this morning to those of you who had been registered at that point. The handout is the summary of the PowerPoint, but the PowerPoint is also avail for download on your control panel. The little box that says handouts, click on that, and it will allow you to click on download the presentation.

There will be a question and answer period at the end of the presentation, and at that point, the operator will give you instructions on how to ask a question or make your comments. If you unmute your phone during that period, don't use the speaker phone.

Your questions are very important to us, so we've given you a couple other ways to ask them. One, on you control panel, there's a little box that says questions. If you click on that, you'll be able to write your question in, and some of the staff will be monitoring those questions, and at the end in the question and answer session, we will go over them.

If, after the webinar is over, or at any time in the future you have a question or a comment about this certification process, housing counseling in general, send your questions to housing.counseling@HUD.gov, and just put the topic of the webinar in the subject line so we can get it to the right person.

As I said, if we open all the lines at some point for discussion or questions, please make sure that you mute your phone. At the end of the webinar, a survey will pop up. Please take that. Your input is very important to us as we continue to work to improve our webinars and our outreach to our stakeholders.

You will also get, within 24 to 48 hours, a thank you for attending email from GoTo Webinar. The email is going to say this is your certificate of training. Please note there is no attachment to that email. The email is your certificate, so print it out, and save it for your records.

At this point, I would like to turn it over to Patricia Breslin of the Pennsylvania Housing Finance Agency to begin our presentation.

Patricia

Good afternoon, everybody. This is Pat Breslin. As you know, I'm the HUD compliance officer for PHFA, and I thank you so much for coming.

We were so incredibly lucky to get Gerry to sit and talk with us about the certification rule. I really want to encourage you to ask whatever questions you have. We also have, in addition to Gerry, we have Dave Galleon, who is our point of contact at HUD.

So, there are a lot of good resources here, and I really encourage you to take advantage of them today. Also, not to be forgotten, I have Terry Rudman [ph], the manager of counseling and education in here. So, we can also address your questions.

The last thing I want to say before I turn it over to Gerry is that Terry and I have a very important announcement at the end following question and answer, and we really encourage you to stick around because you're going to be very happy when you hear it.

So, with that, I'm going to turn over to Gerry.

Gerald

Well, thank you, Pat, and thank you, Ginger, and welcome to all the Pennsylvania Housing Finance Agency affiliates that are here today. I really appreciate the opportunity to talk to you about housing counselor certification.

A couple of notes. If you have a colleague who is missing today's presentation, we will be repeating this very same presentation on June 5th at 2:00 p.m., so they can log in and make up the course then. We will also be posting, like Ginger said, this on our home page in our archive, so there are a lot of ways that your colleagues can get this information.

Also, please remember to hang on until the end of the call for that really important announcement from Pat and the Pennsylvania Housing Finance Agency.

So, housing counselor certification. Today's agenda we're going to give you some updates about HUD's housing counseling program. We're going to give you some facts and some figures. The, we're going to talk about certification, give you some resources and other information, and then we'll do some questions and answers. Hopefully, this will take about an hour or so, and we'll be able to get you all the information you need on certification.

So, HUD's Office of Housing Counseling, our mission is to help families obtain, sustain, and retain their homes. We accomplish our mission

through you, through our network of housing counseling agencies and soon to be certified housing counselors. We have about, right now, about 1,900 housing counseling agencies nationwide, and HUD monitors their compliance with our regulations, and we oversee their independence. We help them with conflict of interest issues and their content and standards.

We also help connect clients with participating housing counseling agencies throughout our website, so we help them find you. There's also another website over at CFPB, Consumer Financial Protection Bureau, where they can do a zip code lookup and find you there as well. Also, we provide grant funding for all of our qualified applicants.

So, what is housing counseling, and this is the definition from the final rule. I'll read it verbatim. "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, it must include all of these processes, and you're all familiar with these.

This is really what encompasses what our unit of housing counseling is. That's your client intake with all of the demographic information that you normally collect; a budget, of course, which is very important, a part of counseling; an analysis of their financial and housing affordability; an action plan, except of course for reverse mortgages. That action plan really gives the client the roadmap of what they need to do to improve their housing situation. Referrals, as necessary, and a reasonable effort to follow-up with the client. Of course, terminate the file once you have an outcome.

So, remember these items because we're going to talk about what is housing counseling and what is not housing counseling especially for the purposes of this rule. Now, for the folks on this call, I suspect you're all interested in what is housing counseling and intend to become certified. There are a lot of entities out there that are wondering if they should become HUD approved and have their counselors take the test, so we'll address some of those issues, too, just in case you are working say at public housing authority or a community development corporation or a CHODO and you have questions about whether or not this applies to you. So, we'll address that as well.

Also, let's talk about group education. Group education according to HUD's handbook, is provided for one or more people. I know one, a group of one. It could be in a classroom. It could be online. It could be a

conference call or any other delivery method that delivers that information effectively.

The major differences between group education and one-on-one counseling is that group education is not customized for an individual's needs, and it doesn't offer any individual financial analysis. It doesn't provide an action plan, but it can be a foundation for individual counseling sessions such as you have group homebuyer education leading to one-on-one housing counseling. Of course, HUD counseling agencies must offer that one-on-one counseling in the same topics of the group education, which I'm sure you're all doing.

So, let's look at some numbers nationally, and I'll have some numbers specific to the Housing Finance Agency as well. Now, nationally, you can see that group education, that 32% slice of the pie on the upper right, is a big portion of what is going on out in the landscape of housing counseling. We counsel 1.2 together, all of you, counsel 1.2 million clients nationwide. You're a big part of that, and you can see on the other side of the pie chart there, there's a 26% number, and that is mortgage delinquency, and if we were doing this presentation back in 2009, that mortgage delinquency number would two-thirds of the chart.

So, that has shrunk very much, and the group education, which is primarily first-time homebuyer education, and the pre-purchase education at 19% have grown considerably nationwide since the end of the foreclosure crisis.

Also, I'd like you to take note of the rental number at 10%, the reverse equity mortgage or the HECUM at 7%, and that little slice there of homeless counseling being nationwide at 2%. The reason why I'd like you to look at that is because now when I go to what you all are doing in the Pennsylvania Housing Finance Agency, we see that the chart looks a bit different.

Now, there's about 43 agencies reporting in the PHFA, \$1.3 million in funding in FY '16, and we're very hopeful that we will have a similar amount or better in FY '17. You all, collectively in FY '16, counseled 23,000 or so clients, which is very robust.

Now, looking at this chart, the first thing that jumps out is that group education is less and rental is much higher. If we go back to the last chart, you can see group education at 32%, but in the PHFA group education is

at 21%, and rental at 22%. Going back, it's at 10% nationwide. So, you're doing a heck of a lot more rental counseling than counseling agencies are doing nationwide, almost double or really double of what everyone else is doing.

Also, you're doing a great job on homeless counseling. You're doing double what's going on nationwide in the PHFA network. So, you're really outperforming in terms of homeless counseling and rental counseling, and everything else is staying about the same except for that HECUM number. You can see 7% nationwide, 2% in the PHFA, so you're doing much less HECUM counseling, much more rental counseling, much less group education.

Your one-on-one counseling, however, is the same. So, you're keeping up nationwide with one-on-one counseling and doing the same amount of one-on-one counseling as any other counseling agency nationwide. What this shows is a very well-balanced network that is addressing a lot of issues, especially probably urban issues where there are a lot of renters, and there could be a larger homeless population, and clearly, the PHFA affiliate network is responding very well in those areas.

So, nationwide, the impact of one-on-one counseling, here's just some quick numbers for you. About 388,000 or so worked with a housing counseling to develop a sustainable household budget, and about 293,000 received super important fair housing information. About 197,000 improved their financial capacity, which is huge because it's just a change in their economic outlook. About 190,000 folks nationwide gained access to those resources that helped them improve their housing situation.

Now, if we look at what you all are doing, 14,000 or so worked with you to develop a sustainable household budget, and about 5,500 gained access to those resources to help improve their housing situation, and you all helped over 5,000 households improve their financial capacity in the state of Pennsylvania, which is a really big deal.

You also helped almost 5,000 households with fair housing and fair lending and accessibility information that helped them improve their housing situation as well. So, your impact is really outsized from the size of your network, and you're doing a lot of great work.

Now, talking about some program initiatives. We have some research that I'm going to show you on a slide coming up that proves the value

proposition of housing counseling, and you can find that research on our website and use it in your grant applications and to show your funders that housing counseling works and has value.

This poster, which we sent to all of our housing counseling agencies is available in both English and Spanish. If you have not received the poster, you should let me know, and my email address is in this presentation. We will be sure to get you a poster.

Just to call out a couple of items on this poster, which is you can hang it in your lobby, in your waiting area if you want, but studies show that a homeowner's net worth is 36 times that of a renter's on average, which is an amazing number, and I think is very convincing about the value of building equity and homeownership.

Also, let's talk about does counseling work. Our studies show that a person who's facing foreclosure who works with a HUD approved housing counseling agency is 283% more likely to receive a loan modification than someone that is just talking to a lender on their own, and that's a staggering number. It really shows that housing counseling works.

So, if you want to get this poster for yourself, and you don't have it, you can send me an email, and we'll get you one. You can also download it on our website, on our HUD exchange website. There will be a link to that later on in the presentation.

We also have been doing a lot of toolkits for our industry professionals, things like how to file your 9902 or how to do a work plan, so it takes you through step-by-step how to do that. We have a lot of those posted on our website, but we want to post more of those, so if you look at our toolkits, and you say hey, you need to have something on this topic that I'm interested in, send us an email, and we will crank that out for you. We have a strong team that's looking for feedback so that they can produce more of these toolkits, and they would love to hear from you because they like doing these toolkits.

Another initiative that we have is our Housing Counseling Federal Advisory Committee. The Federal Advisory Committee meets quarterly, but meets twice a year in person, and in fact, in two weeks is going to meet in DC in person. There was a listserv announcement about that recently, so you can go back and look at that.

We invite all of you to tune in and listen to the Federal Advisory Committee meeting. We value your feedback. The committee values your feedback, wants to hear from you. If you would like to attend the live meeting, it's going to be at HUD headquarters, and you follow the instructions in the listserv announcement in order to reserve your place for that. Seating is limited. It's a fairly large auditorium, but it only holds a couple hundred folks.

In the future, there will be vacancies on the Federal Advisory Committee, and we want your application. We want to look at it, and we want to consider folks from the housing counseling industry to join the Federal Advisory Committee and advise the Office of Housing Counseling on our programs and our policies.

We are really happy to have this advisory committee in place. They do great work helping us stay on track and make sure that we're meeting the needs of our housing counseling industry and consumers, and we're really looking forward to a great future with our Federal Advisory Committee.

So, here are those studies. There's eight of them listed here, and just to call out a couple of them. The Urban Institute says that that 2.83 times more likely to receive a modification that we talked about earlier. You can see that Freddie Mac has said that counseling reduces the delinquency rate by 29% for first-time homebuyers and by 15% overall. So, that is a huge change for consumers and shows the benefit of housing counseling brings to consumer.

These studies are available on our website for your download so that you can read them, and you can use them when you prepare your materials for grants and other third-party funders, government agencies, or lenders that want to ask about is housing counseling effective. You can say here's a study, and yes it is.

So, let's talk about certification. We published our final rule on housing counselor certification on December 14th of last year. There's the Federal Register citation, so you can look it up for yourself. It's also linked from our website.

Now, the final compliance date for housing counselor certification is 36 months or three years after the exam becomes available. It's not available yet. We're hopeful that the exam will be up soon, this year, and you can start the process of becoming certified.

We're going to publish a Federal Register notice to announce the availability of the exam, so it's a great idea to watch our webpage, watch the Federal Register, and especially subscribe to our listserv so that you will get a notice as soon as I get a notice that says we're ready to go. Literally within minutes of me being informed, you will be informed if you're a subscriber to our listserv.

So, what are the benefits of certification for counselors? Well, first and foremost, right there in the center, it's a professional credential for counselors. You know, every entity, every person in a real estate transaction, whether they're a real estate broker, or they're an appraiser, or a loan originator, or the title guy, all of them have a professional credential, and they're all on the same playing field when it comes to real estate transactions.

Up until now the housing counselor has not had that professional credential, and now housing counselors will have that professional credential just like everyone else that's involved in a real estate transaction. We think that is going to create a lot of professional recognition for housing counselors and elevate our industry in the eyes of consumers.

It's going to increase the visibility and the awareness of housing counseling because in our messaging going forward after we start certification, we're going to start staying ask for a HUD certified housing counselor from a HUD approved housing counseling agency, and this is going to set housing counselors apart and help consumers avoid those scammers and con artists who are not going to have any form of certification like our HUD certified housing counselors.

So, it's going to be a big improvement for the counseling industry, and we really hope that consumers will receive this well and recognize the value of a HUD certified housing counselor.

So, some of the key provisions of the certification rule are that all housing counseling provided under or in connection with all HUD programs must be performed by a HUD certified housing counselor, and a HUD certified housing counselor is a housing counselor who has passed a certification exam and works for a HUD approved housing counseling agency. That's very important because the test is open to anyone who wants to take it, but

only housing counselors who work at a HUD approved housing counseling agency will receive that certification.

It's modeled sort of on the real estate agent and broker relationship. Agents can have a license, but it's only active if it's hanging in a broker's office. The same goes for a HUD certified housing counselor. You're only going to need to take this test once. There's no continuing education requirements or anything like that to maintain your certification, but you must be working at that HUD approved housing counseling agency for your certificate to be active.

Now, should you leave your employment at the HUD approved housing counseling agency, the executive director of that agency will go into our system and inactivate your certificate and confiscate the certificate that has your name on it and the name of the counseling agency that you are employed at.

When you pop up at a new employment situation, at a new HUD housing counseling agency, that executive director will go back into the system, find your name, reactivate you, and print out a new certificate with your name and the name of your new housing counseling agency.

The reason why we're doing this is because one of the concerns that counseling agencies had when we published our proposed rule was that they don't want counselors to become certified and then go hang a shingle out in front of their house and say I'm a HUD certified counselor, come and see me for counseling.

We want counselors at HUD approved agencies to counsel clients in a great environment, so this process makes sure that that happens. It also allows us to only certify the right people who are working at HUD approved housing counseling agencies.

We're going to permit other folks to take the exam, but they will receive no evidence of passing it. They will receive no notice. They will receive no certificate. The exam, we'll talk about the cost should anyone else besides a HUD housing counselor want to take the exam, we are happy to take their fee because it helps underwrite the cost of the exam itself for everybody, but we will never certify them unless they are an employee of a HUD approved housing counseling agency.

The exam's going to cover six major topics, so we'll go into that in a moment. You only have to pass this exam once. Like I said before, you have to work for an agency that's approved to participate in HUD's housing counseling program. We're going to verify that through your system or building.

Now, counselors can become certified as soon as the exam is available, but you do have 36 months after the exam date or three years for final compliance. So, while it's a great idea to go and get certified as soon as we start the exam, recognize also there's no need on HUD's part to have you rush out and all do it at once. The system is designed to handle well over 10,000 people simultaneously, but there's no need to go out and rush the system all at once. You certainly can space it out a little bit.

Some agencies are planning on having someone serve as sort of a pathfinder. Try it out, and then tell everybody else this is how it works so that they know what to expect going in. So, there's different strategies for working with certification, and you'll find the one that works great for your agency, I'm sure.

The six major topics addressing: financial management, property maintenance, responsibilities of homeownership and tenancy which is very important for the PHFA folks on the call, fair housing laws and requirements, housing affordability, and this one which is a big one, avoidance of and responses to rental and mortgage delinquency and the avoidance of eviction and mortgage default.

Very important and kind of one of the reasons why we're doing all this. This all came out of the foreclosure crisis. So, that's very important to remember as well. So, these are the six topics that you're going to be studying on, and we're going to be testing on.

So, this certification exam can be found when we post it at HUDhousingcounselors.com. Right now, there is a free study guide that is available on that website, and we're going to be posting the free practice exams at that website as well.

Now, the way those free practice exams work is sort of modeled on the Department of Motor Vehicle practices where a driving student who's going to take their written test, they can go online, and they take the practice exam over and over and over again until they have honed their proficiency to the point where they are confident that they can take the

real test, go into Motor Vehicle, plunk down their money, and take that test and be confident they're going to pass it.

So, this is designed to help save you money. We don't want you to take the exam cold, and the cost there as you can see, is going to be \$100 to \$140 and subject to change. We're trying to get that fee down, but we don't want to waste your money, so we're going to give you these practice exams that you can go online, and you can hone your skills, and you can have confidence when it comes time to plunk down your money that you're going to do well.

I am certain that an experienced housing counselor who's taken the time to review the study guide and has honed their proficiency on that free practice exam, when they do go to take that certification test will do just fine.

Another thing to remember is that we have training grantees we call a TNOFA, a training NOFA. We have four grantees, NeighborWorks, NCRC, The Rural Community Assistance Corp, and National Council of La Raza, who are all offering certification exam courses. They are also all offering scholarships on a first-come, first-served basis for students who come from HUD approved housing counseling agencies. So, you have that option as well where you can go and sit in a formal classroom and do some training with an instructor on these six areas as well. So, there's a lot of options for you to study, to practice, and be prepared to take that exam.

The exam will be available in English and Spanish, so if you should need to do it in Spanish, we can accommodate you. Also, you can take that exam, that certification exam multiple times until you pass, but you must pay the fee every time, and that's where that practice exam comes in because if you have to do it over and over again, you might as well do it for free instead of having to pay. Also, there will be some more information at the end of this presentation on that fee issue for the certification exam.

So, let's talk about the programs that are impacted by this final rule. It applies to all organizations that deliver housing counseling required or provided in connection with all HUD programs. Typically, we see effects in CDBG. Those are community development block grants; PIH, public Indian housing. Those are your public housing authorizes and tribal entities, and home programs that might be effected.

But, what we've done is we've really narrowly defined housing counseling in this final rule. So, we can say what is not housing counseling. Those are services that provide basic housing information or placement or referral services, but don't do that full unit of housing counseling that we looked at earlier, and I asked you to remember, which is going from client intake all the way down to the outcomes and the termination, and everything in between like budget and all that other stuff that you normally do when you see a client, the action plan and things like that. So, if they're just doing that placement or referral, that's not housing counseling, and they don't need to become certified.

Routine administrative activities, program eligibility determinations, client intake, case management. In other words, if you have a receptionist in your counseling agency to do client intake, they don't need to become certified.

If you're just doing case management or those eligibility activities, you don't need to become certified. Case management really could be incidental to a larger program like housing of people with AIDS, emergency shelter grants, or continuum of care and does not really fund housing counseling activities.

Also, the very important fair housing advice and advocacy, which is processing complaints and filing claims, under our more narrow definition, it's not housing counseling, and those folks would not have to become certified either.

So, the impact on intermediaries, which here they're called pass-through organizations, and also the impact on the administrative staff of a local housing counseling agency who's not doing counseling. So, let's say you're an intermediary organization, and you don't see clients yourself, but you have a network of great housing counseling agencies and counselors who do see the clients. Well, if you're not seeing clients, you don't need to become certified.

I know that a lot of folks, administrators are going to want to do this anyway to challenge their knowledge and to obtain that certification as a professional credential. That's fine, that's great, but it's not necessary in order to maintain that HUD approval for that intermediary.

Now, also if you're in a local housing counseling agency, small agency let's say. Let's pretend you're the executive director, and it's flu season, and you have two counselors on staff, and you have a waiting room full of people, and they both called in sick. Well, traditionally what we've seen is executive directors and other folks who work at counseling agencies will pitch in, and they'll counsel those people because those people have to be seen.

Well, after 36 months from the start of testing, in order to count those people seen by that fill-in staff on your 9902, those folks will have to be certified as housing counselors, so it might be a good idea, if you're in a small agency, and you do see that situation where folks pitch in when staffing is short, that those administrative folks do get certified.

Now, if in your agency, there's a very strong division of workload, and the accountant never has to come out of his office and become certified, then that accountant doesn't need to become certified because they're not going to see any clients. So, if you want to count them on your 9902, which is really the key to this, then the folks that are doing the counseling, even on a pinch-hitting basis, should become certified.

So, here's some options for agencies that are covered by the final rule that maybe aren't doing counseling right now, but are wondering what are my options. The first one, of course, is to apply to HUD for approval, or join up with a HUD approved intermediary or state housing finance agency. So, this is not a problem for anyone on the phone here with us today because you're all members of the PHFA.

Another option that they might have would be to partner with an existing housing counseling agency to deliver housing counseling, and a model for that would be a public housing authority that probably is overworked and underfunded and simply can't take on the burden of now providing housing counseling because the law says they have to. They can partner with an existing HUD approved housing counseling agency, and that housing counseling agency could receive their clients, counsel them, and send them back so that they can participate in the PHA's program, so that's one way to do it.

Another option is to simply modify the program in order to become compliant, which might mean taking out some of the things that the agency is doing that looks like housing counseling and sort of slimming it down so that they don't fall under the final rule.

Then, the one that we don't want to see is that they stop delivering that service because there's a lot of need out there, and we don't want anyone to stop delivering services, so before anyone stops doing that, we really want them to talk to us, and maybe we can help them come up with another solution.

So, how do become HUD approved because if you're an agency that is facing this for the first time, the first step would be to become HUD approved so that your counselors can then take the certification exam. Generally, to become HUD approved, an agency has to be a nonprofit or state or local government. They need to show us they have a year of experience providing housing counseling, at least a year of operation in the proposed geographic service area. They have to show us they have sufficient resources, and they have to show us a whole lot more.

There is an eligibility tool that we have posted on our webpage that is sort of a decision tree. What it does is it lets any agency log in and then click yes or no to a series of questions and get a report that will let them know if they're eligible to become HUD approved or if there's areas that they need to work on. Once they have utilized the eligibility tool, it'll invite them to email housing.counseling@HUD.gov and schedule an appointment with one of our application advisors.

Our application advisors is another new innovation that we recently set up, and they help prospective housing counseling agencies with their application. It's a handholding process. They make sure that the agency is qualified. They make sure that they have all of their documentation correct and that it's all produced in the right format so that when they do upload it to HUD, our reviewers will be able to review it expeditiously.

So, that appointment with the application advisor is very important. Also, there's the address for all of the information on how to become HUD approved right there at the bottom of the slide.

That eligibility tool, like I said before, walks the potential agency through that criteria. It includes educational materials, and best of all, it provides a user report so that any agency can follow up on the next steps. One of the interesting things that we've seen is that agencies that are already HUD approved as local housing counseling agencies are going online, and they're testing their qualifications with that eligibility tool just for kicks.

So, sometimes agencies learn something about themselves by using it, so you're all invited to use it, and if you have an agency out there that is thinking about becoming HUD approved that you know about, you can refer them right to our website, and they can get started by utilizing that eligibility tool and talking to one of our application advisors.

So, what became effective on January 13th, which was a month after we published our final rule is the requirement that agencies participating in HUD's housing counseling program have to address the entire process of homeownership, and that is really from A to Z, how to buy a home all the way down to how to sell your home once you want to do that.

It also talks about homeownership, the rights and responsibilities of homeownership, how do obtain a mortgage, how to find a real estate broker, all of that full cycle of homeownership has to be addressed.

There was also the requirement stated that home inspection materials, really a restatement, have to be provided, and that is for your protection. Get a home inspection pamphlet that we all know and love. Home inspection is really important for consumers so that they know that they are buying a healthy and safe home when they close on their mortgage.

Then, there's this requirement about material violations, and the rule has requirements that are related to the misuse of housing counseling program grant funds that could be a material violation. There's two ways to look at this. One is if you are unsure about how to spend down your money, or you think you might have made a mistake, or you're worried about something you're doing with your funds, call us. Talk to us, or talk to the PHFA, and reach out, and we will help you sort that out.

A material violation really could be defined as the misappropriation of those housing counseling grant funds, and in the absence of anyone calling us and giving us a heads up and us helping you through that, should a housing counseling agency misuse grant funds, maybe use it for something that's not allowed like go out and buy a car or something, they would be found to have committed a material violation, and that means that they would be forever barred from receiving housing counseling grant funds again.

So, it's very serious, and we want to make sure that there are no misuses of our funds, no material violations out there. So, if you do have a question or run into a problem, reach out to us, talk to your appointed

contact. You can send a message to housing.counseling@HUD.gov. You can also email me, and I'll find you the right answer and find you the right person that could give you an answer.

We want to avoid material violations at all costs, so please don't be shy about reaching out. We want to talk to you about these things before they become material violations.

Also, there's a requirement that was in the final rule related to a prohibition against distributing any housing counseling program funds to any organization that has convicted of a violation of any federal election laws. So, we know that that's not a big factor with our counseling agencies, but should that happen, they would be forever barred from receiving housing counseling funds in the future. So, don't violate any federal election laws.

So, what becomes effective 36 months after we start the exam? It's not effective now, but once the test starts 36 months or three years later, these are the things that will become effective.

Number one is a requirement that all individuals who provide housing counseling required under or in connection with a HUD program are HUD certified housing counselors. Then, there's the 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.

Then, there's the requirement that all housing counseling reported on the HUD Form 9902 that occurs after the final compliance state, 36 months, is performed only by HUD certified housing counselors. This goes back to that point earlier about your executive staff filling in for housing counselors, so if you want that counseling to count on your 9902, those folks will have to get certified as well.

More things that become effective in three years from the date of the exam. There's a requirement that group education provided by an agency participating in HUD's housing counseling program must be overseen by a HUD certified housing counselor. Now, this doesn't mean that you can't have a guest speaker. Sometimes housing counseling agencies on group education will have an attorney come in, or will have a loan originator, or will have a real estate agent come in and talk to them about their part of the real estate transaction.

That's all well and good. We love when industry folks come in and provide that kind of real-world information to the clients who are being educated. One of the things that we want is that the HUD certified counselor oversee that course.

What we would also like is that when that loan originator comes in and gives that information, they simply say hello, I'm so-and-so, and I'm a loan originator, and I work for a mortgage company, but not identify that they work for let's say ABC Mortgage, and here's my business card. Come see me for a mortgage. We don't want advertising. We want information, and having the course overseen by a HUD certified housing counselor helps make sure that that happens. Identity of interest is very important.

Also, moving on, the requirement that agencies applying to participate in HUD's housing counseling program have to meet the HUD housing counselor certification requirement. So, that really means that for a new agency, their counselors should have gone out, taken the certification exam so that they're in our system, so that when we do approve that housing counseling agency, the executive director will then be able to access our systems and provide certificates to all of their housing counselors through our system. So, they need to take the test before they apply.

Then, finally, the requirement that intermediaries and state HFAs, multistate organizations, all of our intermediaries that participate in our program must ensure that all of the housing counseling performed by their affiliates and branches is performed by a HUD certified housing counselor.

Now, you could find additional information on certification at the website that's listed above, and when you download the presentation here, you'll be able to click on it. That's on our HUD Exchange. You can find the press release and the Federal Register notice that we've been referencing throughout this presentation. You can find a list of the programs that we know are covered by the final rule and see if you fall under one of those programs.

There's charts that show the key provisions and the dates so you can map out the timeline, and there's also frequently asked questions. Our frequently asked questions come from you.

We have hundreds of them that we've received by email from our industry, and what we do is, of course, we answer your question directly when you send it in housing.counseling@HUD.gov, but we also collect our frequently asked questions, and we condense them down into FAQs that we post on our HUD exchange. They are available as a searchable database. You can just put in key words and get questions and answers relating to that key word, or you can download the whole thing as a PDF and read it through.

There's hundreds of them. It's good reading if it's something that you're interested in, but really what you should do is use the key word search because that will get you right to the question that you're looking for and get you that answer. This is what it looks like when you go online, and you can see that the topics are on the left. The key word search box is on the left, and in the center there, this one's showing 20 of 356 questions, and there's more than that at this point. It grows literally almost every day as your questions come in.

We love to provide those answers, so if you go on here, and you don't find an answer to a question you have, send that question in, and we'll get you that answer. We try to respond within 24 hours. We don't want to keep you waiting, and if it's a question that isn't in our frequently asked questions, we will sanitize it a little bit so there's no PII in that question, of course, but we'll turn it into a question that everyone can read and can be educated on.

Now, we're doing a lot of outreach on the final rule. This is part of that outreach. We are posting archives of all of our presentations on the final rule and on all of our other training that we're providing on our webpage at the HUD exchange. We have a training and event calendar where you and see what's coming up.

We have listserv that we publish. If you would like to be subscribed to that listserv, just send me a request by email. My email will be up at the end of this presentation, and we're also working with our training partners, the aforementioned NeighborWorks, NCRC, La Raza, and RCAC organizations so that they can provide outreach as well on the final rule.

We also have HUD staff going to their industry events, the NTIs for example, that NeighborWorks does, and the other organizations do where they gather housing counselors together for training. We're doing training

sessions directly with them on this information that I've provided to you today.

If you have a question afterwards and you're like, oh, I should have asked that question, and there is one of these NTIs coming to your area, then someone from HUD will be there that you can talk to directly and ask a question there. Or, of course, you could always send us an email at housing.counseling@HUD.gov.

With that, just to show you our HUD Exchange webpage and our archives, this is what it looks like. You can see on the left that there's a whole host of webinars that we've done over the last year that provides great information. The presentation is posted there, and we have an audio transcript and an audio replay. The audio transcript is permanent. You can always read the transcript, and the audio replay is good for 12 months. After that it disappears, so you want to get to these before 12 months is up.

Let me just go back to this presentation. There we go. You can find us on the HUD Exchange at HUDexchange.info/counseling. Our counseling training and testing website is here. It's HUDhousingcounselors.com. You can email us at housing.counseling@HUD.gov, and if you would like to subscribe to our listserv, there's two ways. You can click on our HUD Exchange page and find the box right here that says mailing list for housing counselors, or you can simply send me an email and say please subscribe me, and we'll do that right away.

My email address is right here. I'm geraldhmayer@HUD.gov, and if you want to get on our listserv, that's a good way to do so. Just send me that email, and we'll subscribe you.

With that, we're ready for questions. So, Ginger and our operator, if you could open up the lines for questions, and if we have any questions through the GoTo Meeting software, we're ready to take them now.

Patricia Gerry, this is Pat.

Gerald Hi.

Patricia One of our questions that I'm sure everyone is asking is where the exam stands at this point.

- Gerald Well, it's actually doing very well. We have worked with our contractor to develop a very nice exam, and the system seems to be very robust. We are working on getting the notification out in the Federal Register, and that is currently in clearance, and we're hopeful that it is going to be out soon.
- Patricia Great. Thank you.
- Gerald Okay.
- Moderator [Operator instructions].
- Virginia Gerry, at this point, we do not have any written in questions.
- Gerald Alright. Why don't we wait and see if any folks hit star zero, and would like to ask a question over the phone. You can ask a question on housing counselor certification, or as long as you have the folks from HUD on the line today, you can ask questions on any aspect of housing counseling that you might need a response to. As long as you have us, we're happy to answer your questions.
- Alright, do we have anything queuing up on the phone?
- Moderator We have one person that's just queuing up. It'll just take a moment for us to get their name and open their line.
- Gerald Great. Thank you. That's great. Remember to stay on the line after our question and answer period because Pat has some very important information for you.
- Moderator We'll go to the line of Mildred De Los Rios. Please go ahead.
- Mildred Yes, on the website, you say that there's free practice for the test, but it's not available yet. When will it be?
- Gerald Good question. When the Federal Register notice comes out announcing the start of testing, we're going to post at the same time those free practice exams. So, wait for that notice and return to our website, and you'll be able to start taking those practice exams.
- Virginia Of course, the study guide is available right now.
- Gerald Exactly. You can certainly use that now.

Mildred Yes, I'm using it.

Gerald Oh, great. Wonderful.

Mildred Yes. Thank you.

Gerald Okay. Do we have any other questions?

Moderator I have no—I'm sorry. We have no questions from the phone lines right now.

Virginia Okay, we do have a written in one that says is the test time sensitive.

Gerald You know, I don't know, and that's a good question. I'm going to write that one down and get an answer back to the group. I'm not sure that it is, but I want to make sure that you have the right answer, so I'm going to hold the answer on that one until I research it for you.

Okay, do we have any other questions?

Virginia Under what is not housing counseling, could you elaborate more on case management that provides housing services to the larger programs such as ESG?

Gerald Well, you know, going back to that slide early on, and I'm going to just wheel back to that right now and really show what is housing counseling to talk about what is not housing counseling. This process right here.

If you're doing all of these things, it's housing counseling: that intake, the that client budget, the analysis of financing housing, the action plan, the referrals, and the follow-up. If you're doing all of that, it's housing counseling. If you're not doing all these things, then it's probably not housing counseling. So, if you are working in an agency where you're sort of wondering what I'm doing, is that housing counseling. I'm doing some of these things; I'm not doing all of these things.

I'm doing something that might be similar to some of these things, but maybe not exactly these things. That's when you need to talk to us, and we will sit with you and individually go over what it is that you're doing and advise you as to whether or not that really is housing counseling or not

because we don't want you to go out and spend a lot of money on studying and becoming certified if it's not entirely necessary for your program.

Now, one thing to be aware of is the actions of third-party funders, grant organizations and local governments, state governments that may suddenly start inserting into their grant language that the activity covered under that grant must be performed by a HUD approved housing counseling agency employing HUD certified housing counselors. We already see that in a lot of down payment assistance programs, and we may start to see that migrate out into other programs as they comply with the final rule on HUD certified housing counselors.

So, it's very important to read the grant applications and the program rules and regulations for all of the programs that you're participating in, and that could be your first real important indication that what you're doing may need to be done by a HUD certified housing counselor, and you need to take the test.

- Virginia We have a couple more questions. Will the test let you know what questions you missed?
- Gerald Yes. The test is going to be very comprehensive, and you'll be able to tell what you need to study up on after you've taken the test.
- Virginia If an organization receives some grant funds towards training specifically for the certification, can any of those funds be used for the exam fee?
- Gerald Yes. Housing counseling agencies can use their housing counseling grant funds to cover the costs of the certification exam, but you folks with the Pennsylvania Housing Finance Agency are going to have another option that Pat's going to talk to you about in just a few moments.
- Virginia Then, the last one we have is will the 9902 be changing also or remain the same?
- Gerald Right now, it's not scheduled to change, but we update it periodically, and if there is a need to update it after we've rolled out certification, we certainly will.
- Virginia Okay, that's the end of our written in questions.

- Gerald Alright. I just want to check back with the operator one more time in case there's anyone on the line.
- Moderator I'm showing no questions in the queue.
- Gerald Alright. Thank you. In that case, at this point, I want to turn it back over to Pat at the Pennsylvania Housing Finance Agency for an important announcement.
- Patricia Hi, everybody. I'm actually going to let Terry talk about this announcement. It's really exciting, so I'm deferring over to Terry here.
- Terry Okay. Hi, everyone. In an effort to support the professional growth and development of the counselors in Pennsylvania that are under the PHFA network, some of you may have heard about this. We have sent some information now, but I just wanted to make a public announcement that we plan to set aside \$50,000 a year out of the HUD grant. That will be a proportion that will not be allocated to the agency.
- We have criteria for what we're going to reimburse for counseling, but we want to set aside \$50,000 a year to make that available in a scholarship from and reimburse each counselor. Every counselor in the network that does housing counseling will get reimbursed. The agency will get reimbursed \$500, which exceeds the cost of the proposed fee and incorporates the time it's going to take to study to pass the exam, and it can incorporate your agency having to pay more than one time if you're unable to pass.
- So, that's the reason for the \$500 limit. It's a maximum fee. It's not negotiable and will be reimbursed to the agency after the counselor has passed the exam, gotten the certificate, and there's some other requirements within the six-month period after they pass the exam.
- So, we want to be sending out specific information regarding how we plan to support and reimburse and all the eligibility requirements for that later date, probably when the Federal Register announces that the test is going to be available. That will be at the time when we would probably provide the notice of the reimbursement.
- Pat will be a point person to field any questions about the policy once it's provided. I'm encouraging agencies we're going to have some stipulations. There are some agencies that are small and only have a few

counselors, and there's some agencies that have more than ten counselors, so those bigger agencies will have an opportunity to get a few counselors reimbursed each year, and the smaller agencies, we'll encourage them to come and jump on the bandwagon in the first year and second year and knock this requirement out to avoid everyone trying to do this thing three years from now.

So, as soon as the test is available, the opportunity to get reimbursed for the test is going to be available to you. Does anyone have any questions?

Patricia Also, I just want to step in here and say I keep an eye on the HUD website weekly about the exam, so we will get this out together or right on top of their announcement.

Virginia Okay, and we do have one response to your announcement. It says, "Woo-hoo. Once again, the agency steps up to support those in its network. Thanks so much."

Terry Oh, you're welcome. I'm glad to do it. I think it's a great achievement and provision that HUD has provided. It will provide the credibility that the counselors and the work the agencies are doing to position ourselves, and I'd like to position ourselves to have the highest number of HUD certified agencies across the nation. I'm hoping that this incentivization of providing the reimbursement will add to and help us achieve that goal.

Gerald Alright. Just to add my comments, the Pennsylvania Housing Finance Agency has always been a very forward-looking and proactive housing counseling intermediary, and this is just another example of the support that they provide to their network of affiliates. I know of no other intermediary, whether a housing finance agency or a national intermediary or regional that is doing this for their network of affiliates.

We really applaud the PHFA's efforts to support HUD certified housing counselors, especially financially with these resources. It really is a best practice and just a really great thing, and we really thank you for doing it.

Alright. Ginger, do we have any other questions, or from our operator do we have any other questions?

Virginia We don't have any others written in.

Moderator I have no questions on the phone lines.

- Gerald Alright. Well, then I think we've reached the end of our webinar today. I want to thank Pat and all the folks at the PHFA and all of the affiliates for attending today's session. Remember that on June 5th, there will be a repeat of this session, and you can also watch it on our archives on our website. If you would like a copy of the presentation, it's available right now for download in your handout section on GoTo Meeting. You can also wait until we post it on the HUD Exchange. We wish everyone a great rest of their day. Thank you.
- Virginia Thank you, Gerry.
- Moderator Ladies and gentlemen, that does conclude your call for today. Thank you for using AT&T Executive TeleConference service. You may now disconnect.