



Housing Counseling Certification for National Low Income Housing Coalition

Audio is available only by conference call

Please call: (800) 475-6701

Access Code: 420529

to join the conference call portion of the webinar

May 2, 2017

1



Webinar Logistics

- Audio is being recorded. The playback number and presentation materials will be available on the HUD Exchange at:
www.hudexchange.info/counseling
- OHC and NLIHC LISTSERVs will be sent out when the Training has been posted to the Training Archives. Posting will usually be within 7-10 days.
- Attendee lines will muted during presentation.
- Handouts were sent out prior to webinar. They are also available in the Control Panel. Just click on document name to download.



Questions & Comments

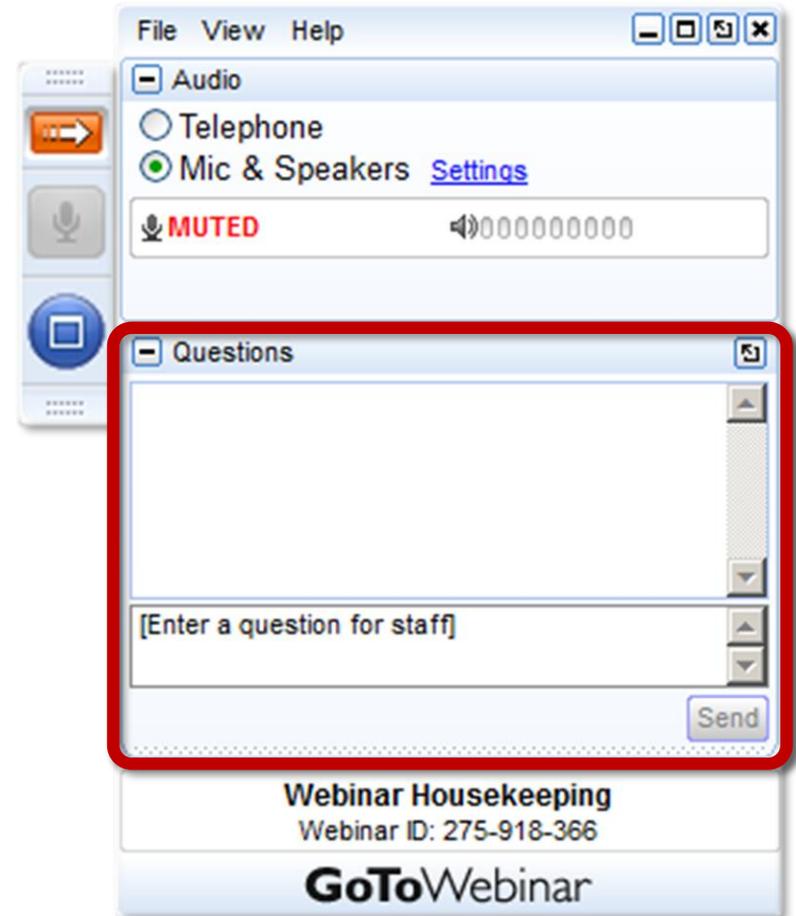
- There will be Q&A periods, as well as discussions opportunities.
 - If so, The operator will give you instructions on how to ask questions or make your comments.
 - If unmuted during Q&A, please do not use a speaker phone

Other Ways to Ask Questions

Your Participation

Please submit your text questions and comments using the Questions Panel. We will answer some of them during the webinar.

You can also send questions and comments to housing.counseling@hud.gov with **webinar topic is subject line.**





Please Mute Your Phones During Discussions

- During the discussions, all the phones may be unmuted by the operator.
- It is critical that you mute your phone during these discussions.
 - Most phones have a Mute function so please use it.
 - *6 will also mute and unmute your phone.

Brief Survey

- Please complete the brief survey at the end of this session.
- Your responses will help OHC better plan and present our webinars.





Housing Counseling Certification for National Low Income Housing Coalition

**Jerrold H. Mayer, Director,
Office of Outreach and Capacity Building**



Agenda

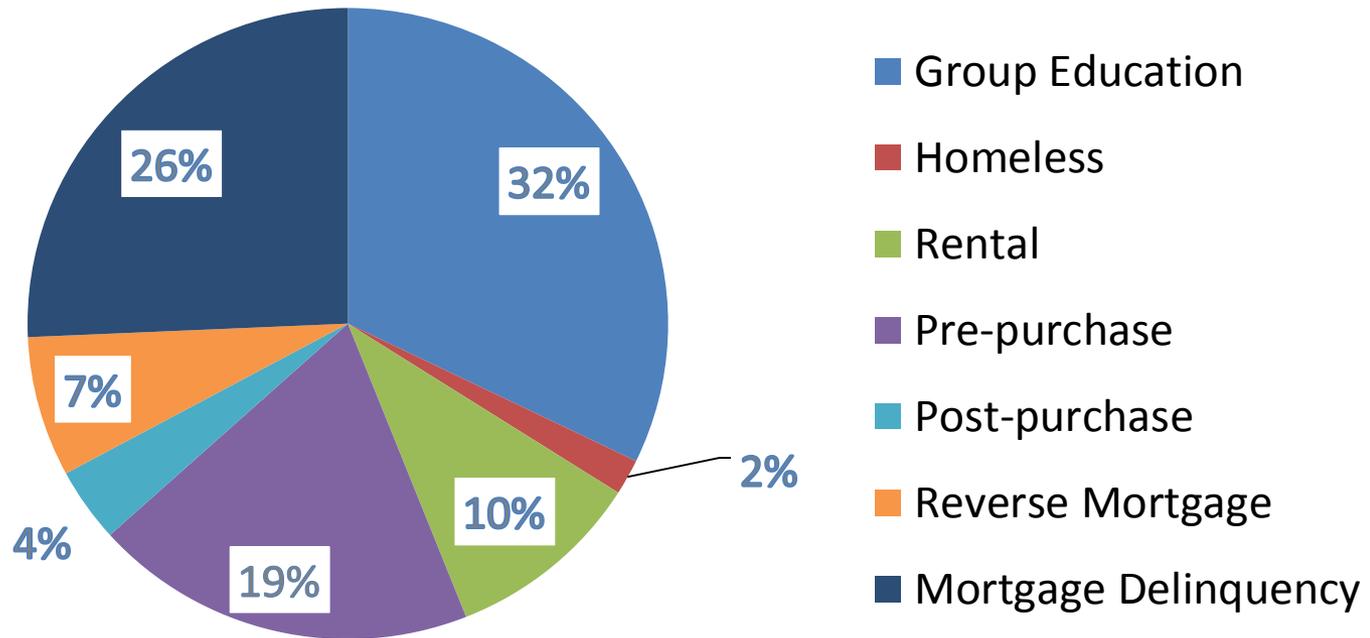
- Office of Housing Counseling Updates
- Housing Counselor Certification
- Effect on Other Housing Programs
- Resources and Other Information



OFFICE OF HOUSING COUNSELING UPDATES



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

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



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.

Certification Exam

- 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
- 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

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.



OTHER HOUSING PROGRAMS



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 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

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

HUD Programs Impacted

- 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

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

Applicable Programs

1. HUD Programs where Housing Counseling is required by statute, regulation, Notice of Funding Availability, or otherwise required by HUD.
2. HUD Programs where Housing Counseling is funded under the HUD program.
3. HUD programs where Housing Counseling is required by a grantee or sub-grantee of a HUD program as a condition of receiving assistance under the HUD program; or
4. HUD programs where a family assisted under a HUD program is referred to Housing Counseling, by a grantee or sub-grantee of the HUD program.

Examples

- HOME
 - Down payment assistance
 - Purchasing units developed with HOME funds
- CDBG
 - For recipients - when assistance requires housing counseling
- FSS
 - If homeownership counseling is performed with FSS funds the coordinator must be certified

HOME

- All homebuyers assisted with HOME funds required to receive homeownership counseling
 - down payment assistance
 - Purchasing units developed with HOME funds
- HOME also funds housing counseling
 - If funded directly or indirectly
 - Potential rental project owners and tenants

CDBG

- If a recipient uses CDBG or CDBG-DR to fund housing counseling either directly or through a subrecipient
- Grantee can design activities to meet its locally identified needs.
 - If the grantee continues an activity that does not meet the definition of “housing counseling” the term to characterize the activity should be changed.

Section 8 Housing Choice Voucher

Rental subsidy provided to low-income families provided through either “tenant-based” assistance or “project-based” assistance

- Tenant-Based
 - Voucher program
 - Awarded to tenant
 - Can move from unit to unit
 - Administered locally by PHAs who receive HUD funding
- Project Based
 - Awarding to development
 - HAP contracts

Section 8 HCV Homeownership Option

- After the final compliance date the **housing counseling** provided to families participating in the HCV Program Homeownership Option must be conducted by a HUD certified housing counselor working for an agency approved to participate in HUD's Housing Counseling Program.

Family Self Sufficiency (FSS)

- NOFA **allows** FSS Coordinators to provide homeownership counseling
 - If homeownership counseling is performed with FSS funds the Coordinator must be certified
- Referrals by FSS Coordinators
 - Must be made to agencies approved to participate in HUD's Housing Counseling Program.

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 Impacted

- 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



RESOURCES AND OTHER INFORMATION

Resources

- HUDEXchange.info/housingcounseling
 - Press Release and Federal Register Notice
 - List of HUD Programs covered by Housing Counselor Certification
 - Chart of Key Provisions and Dates
 - Frequently Asked Questions and Answers(FAQs)
 - Model funding agreements, processes and Memorandum of Understanding (MOU)

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

Email us at:

Housing.counseling@hud.gov

Email Jerrold Mayer at:

jerrold.h.mayer@hud.gov

