



Final Rule on Housing Counseling Certification for Housing Counseling Agencies

January 25, 2017



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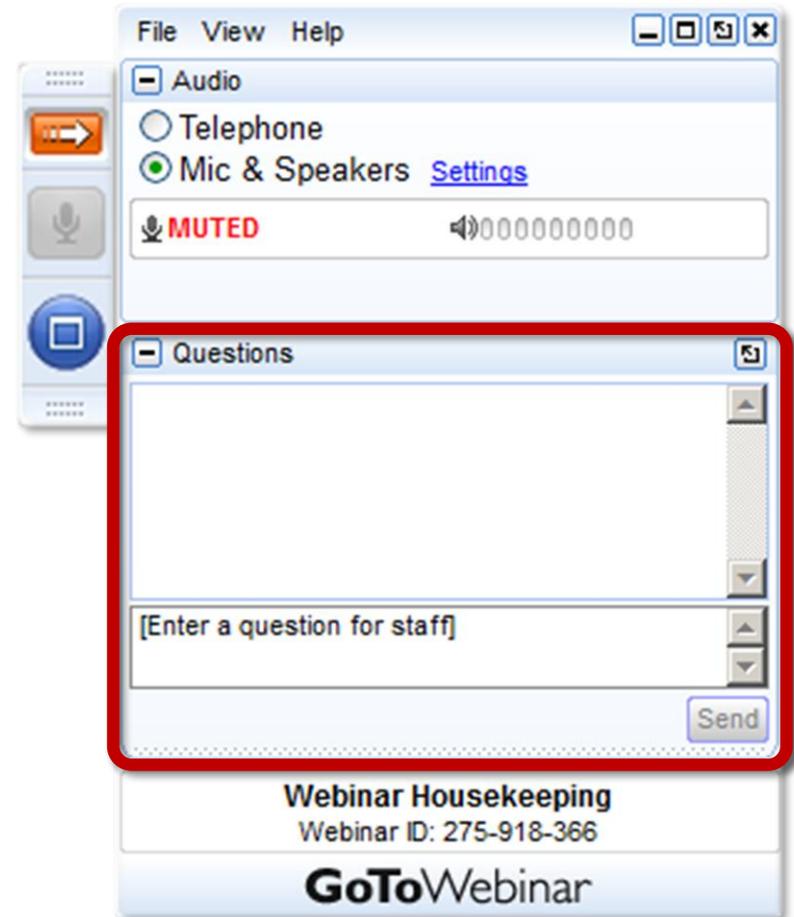
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Final Rule Overview

Lorraine Griscavage-Frisbee

**Office of Outreach and
Capacity Building**



Agenda

- ✓ Overview of Final Rule
- ✓ Effective dates
- ✓ Key Provisions in the Final Rule
 - Homeownership Counseling
 - Home Inspection Materials
 - Restrictions on Grant Funds
 - Housing Counselor Certification
 - Other HUD Programs
- ✓ Resources available

Final Rule for Housing Counselor Certification

Published December 14, 2016

- Federal Register citation: 81 FR 90632
- Summaries of Proposed and Final Rule
- Comments received and HUD response
- Changes to multiple HUD Programs Code of Federal Regulations

As of January 16, posted CFR for 214 does not incorporate changes and outlines these changes separately

New Definitions

- HUD-Approved Counseling Agency –adds certified housing counselor requirements
- Nonprofit Organizations – revised based on other Cranston-Gonzalez definition
- Housing Counseling
- Rental Counseling
- Homeownership Counseling
- HUD Certified Housing Counselor

Housing Counseling

- 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 following processes:

Housing Counseling

- intake;
- financial and housing affordability analysis;
- an action plan, except for reverse mortgage counseling;
- and a reasonable effort to have follow-up communication with the client when possible.

Rental Counseling

- Counseling related to the rental of residential property, **which may include** counseling regarding future homeownership opportunities when provided in connection with HUD's Housing Counseling Program, or required under or provided in connection with HUD Programs. Rental housing counseling may also include the decision to rent, responsibilities of tenancy, affordability of renting and eviction prevention.

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

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

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.

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.

Final Compliance Date

- **Final Compliance Date** - Housing Counselor Certification requirements become effective 36 months **after** the certification examination becomes available
- HUD will publish a separate Federal Register Notice announcing availability of the certification examination



Homeownership Counseling

William McKee

Office of Policy and
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Homeownership Counseling Requirement

§ 214.300 Counseling services.

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

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

Example – Pre-purchase counseling

- Pre-purchase counseling is a type of Homeownership Counseling - the agency must be prepared to cover all of the homeownership topics relevant to the client.

Example – Pre-purchase Counseling

Which Homeownership Topics are Relevant?

- 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)?
- the sale or other disposition of a home?

Example – Pre-purchase Counseling

Which Homeownership Topics are Relevant?

- All these topics are relevant to the client being prepared and understanding issues that might arise during the ownership period.
- The agency must address 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

Example – Post Purchase Non-Default and Mortgage Default

- For a homeowner receiving either non-default post-purchase counseling, or mortgage delinquency counseling, must the agency address the other Homeownership Topics?

Post Purchase Non-Default and Mortgage Default - Which Homeownership Topics are Relevant?

- 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?

Post Purchase Non-Default and Mortgage Default - Which Homeownership Topics are Relevant?

- Depends on the client's individual needs and circumstances
 - If the sale of the home is relevant, that topic must be addressed
 - If the purchase of a different home is relevant, that topic must be addressed
- If the housing counselor determines the other homeownership topics are not relevant to the client's individual needs and circumstances, they need not be addressed, unless the client has requested it.

Example - HECM

- For a homeowner receiving HECM counseling, must the agency address the other Homeownership Topics?
- The **agency** must be prepared to address the entire process of homeownership **relevant** to the client's individual needs and circumstances, unless otherwise required under HECM program requirements, or if the client has requested it.

Example – HECM- Which Homeownership Topics are Relevant?

- For all HECM clients, the purchase of a new home or selling of the home may be alternatives to obtaining a reverse mortgage on the client's current home and therefore must be addressed. If relevant, then additional information needs to be provided to the client.

Example – HECM- Which Homeownership Topics are Relevant?

- 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?

How can an Agency Demonstrate that the Entire Process of Homeownership is Covered

The **Housing Counseling Work Plan** must specify how the agency is prepared to cover the entire process of Homeownership.

Work Plan Examples

- The agency may provide group education classes that cover those topics that the client could attend
- The counselor may provide the client:
 - handouts
 - links to relevant online information
 - on-line training
 - other reference materials to the client that cover the homeownership process topic
- The agency's website may provide information or links to information on the homeownership topics

Work Plan Examples

- The agency may require pre-purchase clients attend in-person or on-line homebuyer education class before one-on-one counseling
- The counselor may includes in the client's action plan links to www.hud.gov for information on buying a home
- **There is no right or wrong answer as long as the agency states how each homeownership topic will be addressed**
- We will be updating the Agency Housing Counseling Program Work Plan Toolkit to provide additional examples

Compliance - Client and Group Education Files

- Addressing how all homeownership topics can be covered in the agency work plan is sufficient for compliance
- The counselor will determine which topics are relevant for each specific client
- The homeownership topics addressed need not be documented in the individual client files.

Work Plan Compliance

What information should the work plan include?

- 1) Identify types of homeownership counseling the agency will offer
- 2) List all of the topics required for homeownership counseling
- 3) Explain how each of the topics will be covered, i.e. through education, discussion by counselor, handouts, etc.

The topics may be covered outside of the one-on-one housing counseling session and need not be covered during the one-on-one session

Knowledge Check

Homeownership counseling can include which of the following? Select all that apply:

- a) Compare housing costs for rental vs. homeownership
- b) Explain different types of mortgage products
- c) Outline foreclosure mitigation options
- d) Explain how the client's credit scores impact the cost of hazard insurance
- e) Discuss real estate fees for selling the client's home

Answer

All are examples of homeownership counseling

- The decision to purchase a home,
- The selection and purchase of a home
- Issues arising during the period of homeownership
- Sale or other disposition of the property

HOME INSPECTION MATERIALS

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Home Inspection Materials

Prior to the final rule, home inspection materials were required for clients charged to the HUD grant. This now applies to **all** homeownership clients regardless of funding.

Home Inspection Materials

Mandatory

As part of the homeownership counseling process, participating agencies shall provide clients with such materials as HUD may require regarding the availability and importance of obtaining an independent home inspection

- Applies to all homeownership counseling categories (i.e. pre-purchase, post-purchase, default, and HECM)
- Provide home inspection materials to all homebuyer education clients and all 1-1 counseling clients that are interested in purchasing a home

Home Inspection Materials

- When must clients be provided home inspection materials?
 - A client is receiving pre-purchase/home buying counseling
 - A client is attending a homebuyer education workshop
 - When the purchase of a home is relevant to the client for other types of homeownership counseling

Home Inspection Materials

- How does an agency demonstrate compliance with the requirement?
 - The agency's housing counseling work plan must explain when and how home inspection materials will be provided to the homeownership counseling client
 - Counselors must document pre-purchase client files when home inspection materials are provided
 - Counselors must document group education files as part of the curriculum if home inspection materials are distributed as part of the class

Required Home Inspection Materials

HUD-92564-CN-For Your Protection, Get a Home
Inspection

This form can be found at : - English

<https://portal.hud.gov/hudportal/documents/huddoc?id=92564-cn.pdf> English

<https://portal.hud.gov/hudportal/documents/huddoc?id=92564-cn-sp.pdf> Spanish

Required Materials

- Ten Important Questions to Ask Your Home Inspector
- These questions can be found at:
https://portal.hud.gov/hudportal/HUD?src=/program_offices/housing/sfh/insp/inspfaq
- This information is currently not available on espanol.hud.gov

Summary - Revising the work plan

- The agency housing counseling work plan will need to be updated by adding the two additional topics:
 - Homeownership Counseling
 - Home Inspection Materials
- OHC recommends agencies update their current work plan to include the two topics as soon as possible but agencies will not be required to submit the updated work plan to HUD
- HUD staff will review agency work plan during a performance review for compliance and provide technical assistance

Summary

- Homeownership Counseling requirement
 - The agency housing counseling work plan must explain how and when the agency will address all the homeownership topics
 - Individual client files do not need to be documented
- Home inspection materials
 - The agency housing counseling work plan must explain when and how home inspection materials will be provided to the homeownership counseling client
 - Individual client files, as well as group education case files need to be documented

OVERSIGHT AGENCY REPONSIBILITIES

Homeownership Counseling and Home Inspection Materials

- What are oversight agencies' responsibilities regarding the requirements that all agencies that provide homeownership counseling, shall address the entire process of homeownership and provide home inspection materials?

Oversight

Intermediaries and State Housing Finance Agencies are responsible for ensuring:

- work plans of agencies in their network that provide homeownership counseling must address all of the homeownership topics and describe when home inspection materials will be provided
- network agencies are documenting individual and group education files that home inspection materials were provided

HUD recommends oversight agencies include these as elements of their quality control plan



Restrictions on Grant Funds



Restrictions on Grant Funds

Final rule contains requirements related to:

- Misuse of Grant Funds that constitutes a “Material Violation”
- Distribution of Grant Funds to Individuals/Entities convicted of Election Law Violations

Material Violations

- If a HCA is found to have misused HUD housing counseling grant funds that constitutes a material violation the agency must reimburse the misused funds, as well as return unused or unobligated grant funds back to HUD
- Agencies that are found to have committed material violations are subject to being barred permanently from receiving future housing counseling grant funding

Material Violations

- Whether a misuse of Housing Counseling Program grant funds is considered by HUD to constitute a “material violation” will depend on the facts along with the applicable statutes, regulations, Notice of Funding Availability (NOFA), HUD handbooks, the HUD Housing Counseling Program grant agreement, and other policy guidance

Election Law Violations

The Final Rule prohibits distribution of housing counseling grant funds to agencies found in violation of Federal election laws, including agency employees who are found in violation of Federal election laws.

- Already have language in Comprehensive and Training NOFAs
- HUD required a certification of compliance in 2016-2017 NOFA Housing Counseling Program grant agreements



HUD Counselor Certification

Robin Penick

**Office of Outreach
and Capacity Building**



HUD Certified Housing Counselor

A housing counselor who has

- Passed the HUD Certification examination,
- Works for a participating agency

Is certified by HUD as competent to provide housing counseling services pursuant to this part.

Effective on **Final Compliance date** – 36 months after the certification examination becomes available

Benefits of Certification

Increased visibility and awareness of housing counseling

Create professional recognition for housing counselors

Programs and counselors eligible for grants and scholarships

Broader knowledge = better counseling

Elevate the value of the program for consumers

Housing counseling offered in connection with HUD programs meets OHC standards

Better pay for counselors

Consumers benefit from HUD approved agencies

A credential for counselors

Consumers avoid scammers and con artists

Counselor Certification

- Pass the certification exam covering six major topics
 - **Only have to pass certification examination once**
 - **No continuing education requirements**
- 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**
- HUD will announce when certification examination becomes available through Federal Register Notice

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
- Can take examination on-line or at a proctoring service
- 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

Certification Facts

- Counselors may become certified under more than one agency at the same time
- Certification status not valid when counselor no longer works for a HUD-approved or participating agency – can be reinstated when counselor employment at another agency is verified
- Other agency staff may consider becoming certified
- Group education must be overseen by a certified housing counselor

Examination Preparation

- Training is not required in order to register for the certification examination
- HUD strongly encourages counselors to study
 - Free on-line training and downloadable study guide at www.hudhousingcounselors.com
 - On-line and place-based classes available from HUD Training NOFA grantees
- Practice Test will be available for free
- Training on certification process will be provided when the examination becomes available

Knowledge Check

Where do I register to take the certification examination?

- a) www.hudhousingcounselors.com
- b) www.hudexchange.info/counseling
- c) www.Neighborworks.org
- d) www.localuniversity.org

Knowledge Check

Answer:

a) www.hudhousingcounselors.com

(once the test is available)

Other certification updates and information are available at Office of Housing Counseling website at www.hudexchange.info/counseling



OTHER HUD PROGRAMS

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Office of Outreach & Capacity Building



Other HUD Programs

- All housing counseling **required under or provided in connection** with covered HUD programs must be provided by HUD-certified housing counselors that work for HUD-approved or HUD-participating housing counseling agencies
- Effective on Final Compliance Date

Other HUD Programs in Addition to the Housing Counseling Program

- Final Rule applies to all organizations or entities that deliver housing counseling, including homeownership counseling or rental housing counseling, **required under or provided in connection** with HUD programs
- Impacts approximately 25 other HUD programs – HUD posted a list of covered programs on the HUD Exchange

Final Rule Compliance Date

- By final compliance date, entities that provide housing counseling required under or provided in connection with covered HUD programs will have to either:
 - Become HUD-approved housing counseling agencies (HCAs) that employ HUD certified housing counselors;
 - Create partnerships with HCAs using certified housing counselors to deliver housing counseling services on their behalf;
 - Stop providing housing counseling services;
 - Otherwise modify their program to comply with this rule.

Impact of Other HUD Programs

Housing Counselor Certification

- Intermediaries and State Housing Finance agencies may see an increase in the number of agencies seeking affiliation with their networks
- Opportunities for new partnerships in your local communities
- OHC is collaborating with other HUD Programs to educate stakeholders covered under the final rule



FINAL RULE RESOURCES AVAILABLE

Kym Torres

**Office of Oversight
and Accountability**



KNOWLEDGE CHECK

What is the Final Compliance Date?

- a) 36 months after the date the federal register notice on the exam is published
- b) 36 months after the final rule is published
- c) 36 months after the certification examination becomes available

ANSWER

c) 36 months after the certification examination becomes available

Examination is not yet available

There will be a separate federal register notice published announcing start of the examination

Resources Available

HUD Housing Counseling Program Resources are located on the HUD Exchange

www.hudexchange.info/counseling

Housing Counselor Certification Page

- Link to Final Rule
- Frequently Asked Questions
- List of Other HUD Programs
- Link to www.hudhousingcounselors.com

Frequently Asked Questions

- View the frequently asked questions as a one stop shop for all your inquiries regarding the final rule.
- [Frequently Asked Questions](#) (PDF)
- Click on a topic listed in the Table of Contents to see FAQs for that topic
- We encourage you to review all the FAQs as they address many questions we have been asked during outreach

Resources for additional Information

HUD Housing Counselors Training and Testing
for Certification:

www.Hudhousingcounselors.com

Keep Up with The Latest Certification
Tools and Guidance:

[www.hudexchange.info/programs/
housing-counseling/certification](http://www.hudexchange.info/programs/housing-counseling/certification)





Office of Housing Counseling

Find us at: www.hudexchange.info/counseling

Email us at: Housing.counseling@hud.gov

