



Final Transcript

HUD-US DEPT OF HOUSING & URBAN DEVELOPMENT: Final Rule for HC Certification

January 25, 2017/2:00 p.m. EST

SPEAKERS

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PRESENTATION

Moderator Ladies and gentlemen, thank you for standing by, and welcome to the Final Rule for Housing Counseling Certification conference call. At this time all participants are in a 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, Jane Charida.

Please go ahead.

Jane

Thank you, Terri. And thank you all for joining us for today's webinar on the Final Rule for Housing Counseling Certification. Before we get started, I'd like to go over a few webinar logistics with you. I do want to mention that today's audio is being recorded. We will share the playback number, along with the PowerPoint and a transcript, on our Training Archive on the HUD Exchange. In about five to seven days we will send an announcement via LISTSERV letting you know where to find the archive training.

Handouts were sent prior to the webinar, and they are also available in the control panel to the right of your screen. You can just click on Handouts, and that way you can see a PDF of today's presentation.

We will have polling questions throughout the presentation, so please be sure to respond to those, we love to get your feedback. And as the moderator mentioned, we'll also have a Q&A period at the end of the presentation, so please be sure to join us with your questions and comments.

You can also send questions and comments in our dialogue box to the right of the screen under the Question tab. We'll do our best to get to you, but we do have a very large audience today so please be patient with us. At the end of the presentation you'll get an email requesting that you take a brief survey, we'd really love to get your feedback, it helps us plan for future webinars and make sure the content is what you need.

And you'll also get a Certificate of Training, it will come via the go-to webinar system in about two days. So, if you like, please feel free to save that email for your records.

That's it as far as logistics. It's now my pleasure to turn the presentation over to Lorraine Griscavage-Frisbee, Deputy Director with the Office of Outreach and Capacity Building.

Lorraine

Thank you very much, Jane, for going over the logistics. Welcome, everyone, to our training on the final rule. We're very excited that you are able to join us today, and we have a very in-depth discussion today on the final rule for you. This is a follow up from our conference call that we held on December 19th, where we basically gave just an overview and highlighted what was in the final rule. Next slide, please.

What we're going to cover today is going to be much more in-depth. This training is very extensive and we want to make sure that we have time to cover all the topics and all the information on the final rule, and that is why we're going to ask you to wait until the end, to hold on to your verbal questions. We'll have a question and answer period at the end of the presentation, and we will stay on until the beginning of the hour to try to answer as many questions as we can. We also remind you that we have posted extensive frequently asked questions, the various speakers will refer to them today during our broadcast, and they are going to be a terrific resource for you.

So, what we're going to cover today, first of all, is a general overview of some of the things in the final rule, and the effective dates, I noticed that's a plural because there are actually two effective dates, and I'll provide you some more information about that. And then we're going to provide some detailed information on some of the key provisions that are in the final rule, and those include home ownership counseling, home inspection material, restrictions on grant funds, housing counselor certification, which of course has been an extremely popular topic in our outreach, that is number one in the types of questions we've received so far. But we're also going to talk about how this final rule impacts other HUD programs

and thereby may present some opportunities for you as a result of having these other HUD program requirements.

And then lastly, and very important, we're going to talk about the resources we have available to help you understand the final rule. We're going to provide actual live demonstration of our HUD Exchange and show you where you can find some very valuable information on the final rule, including our frequently asked questions.

I'm going to start off by providing an overview on the final rule. Now, again, as we all know, it was published December 14, 2016, and if you actually have looked at that document it's quite extensive. It's about 100 pages in a Microsoft document. The way it was posted in the Federal Register, it's about 29 pages of three columns per page, and it contains quite a bit of information, including summaries of the proposed and final rule and comments received on the proposed rule, and HUD's responses to that.

And then lastly, and most importantly, it outlines the changes to the HUD program code of federal regulations that are impacted by this final rule.

And that's plural because it includes not only changes to our Office of

Housing Counseling, our Housing Counseling program under 24 CFR 214, but there are actual multiple program areas that are impacted and covered by the final rule. Now, if you do a Google search for 24 CFR 214, what is posted does not include these changes, they have a separate link to them. And we will let everybody know through a LISTSERV message once the CFR has been updated incorporating all the changes. Next slide, please.

Let's take an overview of some of the things that changed in the final rule that impact our Housing Counseling program. First of all, there were new definitions that were introduced, or revisions of current definitions, the HUD-approved housing counseling definition, we of course added the certified housing counselor requirements, and we slightly revised the definition for non-profit organizations to add the Cranston-Gonzalez definition for non-profits. We also tweaked housing counseling, rental counseling, and we added a new term, home ownership counseling, which will provide an in-depth discussion on that. And then also, which I'm sure many of you are interested in, the HUD-certified housing counselor definition.

First of all, let's look at the definition for housing counseling. It's now defined in the final rule as: "Independent, expert advice that's 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." And you'll recognize some of these are very familiar to what we already had in the processes, of course intake, financial and housing affordability analysis and action plan, except for reverse mortgage, and what has changed is our definition of follow up, now we're saying a reasonable effort to have follow up communication with a client when possible. We've heard your feedback and your comments that sometimes it's not always possible to find out what happened to the client after the counseling session, so we revised the definition of housing counseling when it comes to follow up. Next slide, please.

Another definition that was expanded had to deal with rental counseling, and it added that rental counseling may include counseling regarding future home ownership opportunities when provided in connection with a HUD housing counseling program or other required HUD programs, and of course rental counseling may include the decision to rent, responsibilities of tenancy, affordability of renting, and eviction prevention. Thank you. Next slide.

Now, what I would like to have a brief discussion on are the effective dates. Remember earlier I said there are actually two effective dates, I'd like to summarize things that become effective now, January 13th, which is 30 days after the rule is published, and then also talk about the second set of things that become effective that we call the final compliance date.

But looking at what is effective now, we have four main provisions that become effective. The first one is the requirement that agencies participating in HUD's housing counseling program and that provide home ownership counseling must address the entire process of home ownership. And we are going to spend a good part of today's presentation in providing you much more detail on what exactly that means.

And the same with the next item, requirements related to the distribution of home inspection materials, and we're also going to cover this topic in quite a bit of detail. But there are also requirements related to the misuse of housing counseling program grant funds in a manner that constitutes a material violation, we'll talk about that, and we'll also talk about requirements related to the prohibition against distributing housing counseling grant funds to organizations that are convicted of the election

law violations. So, these are the four main provisions that became effective January 13th.

So, now let's take a look at the second set of provisions. Now, these are going to actually become effective 36 months after the certification examination becomes available. And notice we're using the word "becomes" available, because the exam hasn't been launched yet. It is not available yet. So, the date when the exam becomes available you'll have up to 36 months for these provisions then to become effective. And they include the requirement that all individuals who provide housing counseling required under or in connection with a HUD program are HUD-certified housing counselors.

And again we're going to use similar terminology for the second one, a 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. And we're going to talk a little bit more about that particular phraseology "housing counseling under or in connection with a HUD program" because that is where all the other HUD programs are folded into our housing counselor certification requirement. And then also when we have this 36 month effective date we have the

requirement then that all housing counseling you'll report on your HUD-9902 will have to be performed only by a HUD-certified housing counselor. Next slide, please.

We also have a couple more items that fall into this 36 months.

Intermediaries and state housing finance agencies must ensure that all of their affiliates and sub-grantees that are performing housing counseling, that counseling is performed by a HUD-certified housing counselor. We have the requirement that group education that is provided by an agency participating in our program must be overseen by a HUD-certified counselor, and we actually have some FAQs that provide more detail on group education and these other requirements. And also any agency that's going to apply to participate in our program after this 36 months must meet the housing counseling certification requirements. Next slide.

So, we have published a new definition which we call the "final compliance date," and this is a word that's going to be very important to add to your vocabulary when it comes to HUD's housing counseling program. We define the final compliance date as the date when the housing counselor certification requirements become effective, which are 36 months after the certification examination becomes available.

Now, HUD will publish a separate Federal Register notice to let you know when certification examination has been launched. So, again, it's not available yet and we will let you know, and that start date is when the clock starts for the 36 months.

Well, thank you very much, everyone, and I am now going to turn the presentation over to William McKee, who's the Deputy Director with the Office of Policy and Grant Administration.

William

Thanks, Lorraine. I'd also like to thank everybody for attending today's webinar. Today I'm going to talk about the new home ownership counseling requirement. But before I get into that I just want to reiterate a couple of things that Lorraine had just mentioned, and that is that prior to publication of the final rule quite a number of folks got together, and we tried to think of every question that we could think of that somebody trying to figure out how the final rule affects them might wonder. And we actually came up with about 53 pages of frequently asked questions designed to address anything that we can think of that counselors or folks in the industry might be thinking about or might be questioning.

So, I highly recommend that you look at those questions, and when you do I think a good portion of things that you might be wondering will be answered. And all the things we're talking about today are addressed in those FAQs, and a little later on Kym Torres is going to be providing you the link to that. And also if you have questions and they're not answered by the FAQs then we also have the resource of sending a question to our housing.counseling@hud.gov address, and we have folks that are monitoring that and will be able to respond to that. So, just keep that in mind as you go through and listen to what we're presenting today. And if you have further questions, please consult the FAQs and also be aware of our housing.counseling@hud.gov mailbox. Next slide, please.

Well, today I'm going to concentrate on the home ownership counseling requirement. And, first, let's read what the regulation says. It states that: "All participating agencies that provide home ownership counseling shall address the entire process of home ownership." Next slide.

Well, in order to understand that requirement we're saying all agencies that provide home ownership counseling shall address the entire process of home ownership. What do we mean by "home ownership counseling?" Well, by definition home ownership counseling includes housing

counseling that covers the decision to purchase a home, the selection and purchase of a home. But not only that, it also covers issues arising during or affecting the period of ownership of a home, including financing, refinancing, default and foreclosure and other financial decisions. And it also covers the sale or the disposition of a home. Next slide.

So, how does this definition affect what we do in our program? Well, for our agencies we have different categories of one-on-one counseling that you folks perform, and what we now call pre-purchase counseling, that's actually a type of home ownership counseling, what we refer to as post-purchase non-default counseling, that's a form of home ownership counseling, what we call mortgage default counseling, that's also a form of home ownership counseling, and reverse mortgage counseling, that's also a form of home ownership counseling. So, you see how the different types of counseling that you perform every day, all the ones that I listed are types of home ownership counseling. Next slide.

So, let's look again at that requirement, all participating agencies that provide home ownership counseling, and we now know what that is, shall address the entire process of home ownership. And before I go any further, let me give some sort of background to that requirement.

You all remember during the foreclosure crisis, gosh, how many folks were affected that they were over their heads with mortgages that they couldn't afford to pay, properties that they had were really too expensive for them, and perhaps for many of those folks if they had been educated on the entire process of home ownership when they were purchasing a home, perhaps they would have been better equipped for some of the things that they encountered during home ownership. For instance, if they had been aware of maybe expenses associated with home ownership, such as maintenance of the property, or the possibility of increased financing costs, or things that maybe they need to be ready for once they owned a property that might happen, that were unexpected, that would have been helpful, if they were aware of what they were getting into in a sense.

And if despite their best efforts they were facing a situation where maybe they're thinking, wow, I won't even be able to pay my mortgage, what they could do, would they be able to possibly downsize, sell their property and go into a smaller home, or if it looks like they wouldn't be able to pay their mortgage did they know that they would need to contact their mortgage company right away and not just let the situation get worse, did they know that they could get in touch with the housing counselor in a HUD-approved agency to give them advice on what to do in those

circumstances, as opposed to I remember a lot of the scams that were going on at that time. If those folks had been educated right upfront when they were first purchasing a home then perhaps some of the problems that happened might not have occurred, or at least they would have known what to do in those situations.

So, that's at the root of that, all participating agencies that provide home ownership counseling shall address the entire process so that we have an educated consumer that's entering into that home ownership agreement and owning a home. Next slide.

So, let's talk about what this requirement really means. What we really mean is that the agency must be prepared to address all of the home ownership topics, and we know what those different types of home ownership topics are, but the question is, which topics must be covered when you're counseling a specific client in one-on-one counseling in a type of home ownership counseling. And the answer to that is the topics that must be covered for that specific client are those topics that are relevant to each client's individual needs or circumstances, or if the client has specifically requested the information on a particular topic.

And I just want to mention right upfront before we get into some of the details about how this applies to what you're doing and how you're going to be able to meet the requirement, is that in actuality many of you already meet the requirement. And you're going to see as we go forward and I explain it a little bit more, a lot of you already prepare clients with regard to different parts of the home ownership process when you're giving them counseling or when you have other resources for them to avail themselves of. So, as we go forward you're going to see that, well, maybe you're already meeting this requirement in some ways. And also for some of you that don't meet these requirements you're going to see how we're making sure that it's not going to be that difficult for you to meet the requirement, and I'm going to explain that as we go forward as to how you can meet that requirement. Next slide.

So, now I'm going to talk, before I get into how you can meet that requirement, about, well, if I said to a particular client the agency must cover the other home ownership topics if they're relevant for a particular situation, let's go into different types of home ownership counseling that different agencies do and let's talk about what might be relevant.

Well first, let's talk about the example of pre-purchase counseling as within the definition pre-purchase counseling is a type of home ownership counseling. And so the agency must be prepared to cover all of the home ownership topics relevant to the client. Next slide.

Well, what is relevant to the client for pre-purchase one-on-one counseling? Is the decision to purchase a home and the selection of purchase of a home relevant? Well, yes, that's what pre-purchase counseling is all about.

Well, what about issues arising during or affecting the period of ownership of a home, for instance, financing or refinancing, or should they know about default and foreclosure, or other kinds of financial decisions? Well, as I just went through a few moments ago about the importance of having an educated consumer, yes, these are relevant. It's important that somebody going into thinking about purchasing a home, that they understand what to do in certain circumstances, or how to avoid to get into certain situations. So, that would be relevant to a pre-purchase one-on-one client also.

What about the sale or disposition of a home? Yes, that might be relevant too, because maybe in particular client situations they need to know something having to do with the availability of a short sale in certain circumstances or perhaps the sale of a home relevant to downsizing to get a home that's more affordable. So, as you can see, for pre-purchase counseling clients all of the home ownership topics are relevant. Next slide.

So, as I go through, the agency must address issues arising during or affecting the period of ownership of the home, including financing, refinancing, default and foreclosure, and other financial decisions, and the sale or other disposition of a home, and in a little while we'll talk about how you can address that. Next slide.

Now, I'm going to talk about, let's say, a couple of different kinds of clients and different kinds of counseling. Let's talk about a post-purchase non-default client, or a mortgage default client. For a home owner receiving either non-default post-purchase counseling or mortgage delinquency counseling, must they address the other home ownership topics? Next slide.

So, let's think about that. What about somebody getting post-purchase non-default counseling, is the decision to purchase a home and the selection to purchase a home relevant, or how about the topics related to affecting the period of home ownership, including refinancing, or information about default and foreclosure and that sort of thing, or how about the sale and disposition of a home? Next slide.

Well, it depends on the particular circumstances of an individual client and what their needs and circumstances are. Let's think about a non-default post-purchase client, maybe in that particular situation you might have a client that, you know what, I think they really need to downsize. The counselor may decide that, you know what, I think you're a little bit over your head so you'd be better off selling the property, and let's talk about downsizing. In that particular situation, then the sale of a home and the purchase of a different home is something that's relevant to the client.

You might have a different post-purchase non-default client in which maybe they're having difficulty meeting some expenses and maybe for some clients they might want to look into getting a reverse mortgage, maybe a reverse mortgage is something that can help them out and pay some of those expenses using the equity that's in the home. So, for those

clients a reverse mortgage, another type of home ownership counseling, a reverse mortgage would be relevant to the client. So, you see it depends on a particular client and what their individual needs and circumstances are. Next slide.

Let's talk about a reverse mortgage client. For a home owner receiving reverse mortgage counseling, must the agency address the other home ownership topics? Well, first of all, for the agency in general, as we said earlier, the agency must be able to prepare to address the entire process of home ownership relevant to the client's individual needs and circumstances, and in this case, unless otherwise required under the HECM program or if the client has requested it. Next slide.

So, what's relevant for a reverse mortgage client? Well, first of all, under the HECM requirements all counselors that are providing reverse mortgage counseling do have to discuss whether the selling of the home is an alternative to obtaining a reverse mortgage. So, it's a subject that is discussed at least to make a determination as to whether this is an avenue that the client should go down. If indeed it's determined that, yes, in that particular client's circumstances that the selling of the house and the purchase of a different house, or another direction is something that's

relevant to the client, then in that case the selling of a home and the purchase of another home is a home ownership topic that would need to be covered by the agency.

On the other hand, if that discussion happens and it's determined, you know what, a HECM is right for you and we've determined that the alternative of selling your home is not an avenue that's right for that particular client, well, in that case the selling of the house and the purchasing of a different home is not something that would be relevant for the client. So, as you can see, with respect to the different types of counseling that you do that are called home ownership counseling, in some cases the other home ownership topics are relevant and in some cases they aren't. Next slide.

So, let's talk about how an agency can demonstrate that the entire process of home ownership is covered, and the way that the agency can demonstrate is through the housing counseling work plan. Your housing counseling work plan must specify how the agency is prepared to cover the entire process of home ownership. The bottom line is that if you do a type of home ownership counseling, let's say you do pre-purchase counseling, then your housing counseling work plan is going to have to

specify the other types of home ownership topics and how you would cover them. If you do, let's say, default counseling, the housing counseling work plan is going to have to show how you would be prepared to cover the other home ownership topics. Next slide.

In the next couple of slides I'm going to give you examples of how you can cover it. And what I want to emphasize right upfront, we are not requiring that if you provide one type of home ownership counseling in a one-on-one session that you have to provide one-on-one sessions for the other home ownership topics. What we want is that we want an educated consumer, but we're not requesting that you give full-blown one-on-one counseling for all the other topics. We want to make sure that the consumer is educated, and there's many different ways that you can educate the consumer.

So, for example, the agency may provide group education classes that cover the other home ownership topics that the client could attempt. The counselor can provide the client with handouts, they can provide them links to relevant online information, they can provide links to online training, or they can provide other reference materials to the client that cover the home ownership process, or the agency's website may provide

information on links to information on the home ownership topics. Next slide.

So, as I said, the agency may require pre-purchase clients to attend in-person or an online home buyer education class before the one-on-one counseling. The work plan may include in the client's action plan links to our websites and information we have for information on the purchase of a home. There is no right or wrong answer, as long as the agency states for each home ownership topic how the agency will address it, if it's relevant to the client. And we're actually going to be updating our agency housing counseling program work plan toolkit to provide additional examples of different ways that an agency might show that they can address the other home ownership topics for clients for which it is relevant. Next slide.

So, addressing how all home ownership topics can be covered in the agency work plan is going to be sufficient for demonstrating compliance for our purposes. And as I indicated before, in the one-on-one counseling session the counselor is going to determine which topics are relevant based on the needs and circumstances of each individual client. What we are not requiring is that you document the one-on-one client case file whether the other topics need to be addressed. So, we're trying to not

create any burden for you in terms of additional documenting of the file and that sort of thing. With regards to the home ownership counseling requirement, what we are requesting is that you update your housing counseling work plan to show how you're going to meet these requirements for clients for which it is relevant. Next slide.

So, let's talk about that housing counseling work plan, what information should the work plan include. Well, you must identify types of home ownership counseling the agency will offer. Well, in your work plans already you do identify the types of counseling that you perform, so for those that are types of home ownership counseling you already list them in your housing counseling work plan. But beyond that, you're going to need to address, to list all of the topics required for home ownership counseling.

So, let's say, for instance, you perform just only pre-purchase counseling, well then you're going to have to list non-default post-purchase default counseling on that particular topic, on reverse mortgage counseling. And then you're going to, for each of the other topics, explain how the topics will be covered. And again, we gave a couple of examples before, it could be covered through group education, of course it could be covered

by discussion with a counselor, it could be covered with links to other types of training, it could be covered with reference materials. The important thing is that you indicate how you're going to cover the other home ownership topics when the counselor has determined that those other topics are relevant for a particular client.

And the topics may be covered outside of the one-on-one housing counseling session, as I indicated earlier. They don't have to be covered inside of the one-on-one counseling session, nor do they require a separate one-on-one counseling session in order to meet the requirement. The bottom line is that we want an educated consumer that's aware of the other home ownership topics if they're relevant to the consumer. Next slide.

Now, we're going to have a knowledge check. And the question we have here is: Home ownership counseling can include which of the following? Select all that apply. Comparing housing costs for rental versus home ownership. Explain different types of mortgage products. Outline foreclosure mitigation options. Explain how credit scores impact costs of hazard insurance. Discuss real estate fees for selling the client's home. Which of these, or all, are considered to be within the scope of the

definition of what is home ownership counseling? And we'll give you a few moments. The poll is open.

And there's the results of the poll. Well, it looks like the bottom line is that the polls says that comparing how costs for rental versus home ownership, almost all, there was over 80% for all of them. And the answer to this was that all of these within the scope are within the scope of home ownership counseling.

If we went back to the definition of home ownership counseling it said basically that home ownership counseling is counseling that covers the decision to purchase a home, the selection and purchase of a home, issues arising during and affecting the period of ownership of a home, including financing, refinancing, default, and foreclosure and other financial decisions, and the sale or disposition of a home. So, all of those different topics that are in the question are within the scope of what the definition is. Next slide.

Now, I'm going to turn it over to Phyllis Ford from the Office of Oversight and Accountability, who is going to talk about the housing inspection materials requirement. Phyllis?

Phyllis

Thank you, Bill. Now, let's take a look at the final rule requirements related to home ownership inspection. Next slide, please.

Now, this is not completely new to you all. Prior to the final rule home inspection materials were required for clients that were being charged to the HUD grant. This now applies to all home ownership clients regardless of the funding source. Next slide, please.

It's mandatory as a part of the home ownership counseling process, participating agencies must provide clients with such materials as HUD may require regarding the availability and the importance of obtaining an independent home inspection. This applies to all home ownership counseling categories, pre-purchase, post-purchase, default and HECM. We also must provide home inspection materials to all home ownership education clients and all one-on-one counseling clients that are interested in purchasing a home. Next, please.

When must clients be provided with inspection materials? When a client is receiving pre-purchase home buying counseling. When a client is attending a home buyer education workshop. When the purchase of a home is relevant for the client for other types of home ownership

counseling, say post-purchase, non-default, mortgage default, and HECM.

Next, please.

How does the agency demonstrate compliance with the requirements?

The agency's housing counseling work plan, again, now we just heard that in terms of Bill's definition of how the agency can demonstrate compliance. The same is true for the home inspection materials, the agency's housing counseling work plan must explain when and how home inspection materials will be provided to the home ownership counseling client. Counselors must document pre-purchase client files that home inspection materials are provided, counselors must document group education files as a part of the curriculum if home inspection materials are distributed as a part of the plan. Now, that's different from what we just heard from Bill as it related to his topic. Next slide, please.

We have provided here for you information on how you can share the inspection requirement materials that HUD wants you to give out to all of your clients. And so you have an option, just like we've done here, we've provided a link, you can either decide to go to the link and download the information and hand it out, or you can provide a link to your client. So, that's pretty much an option that you can think about doing, or you can do

both. Just make sure that you've got it covered. We're talking about one of the required inspection materials is for your protection, you get a home inspection, and that's also at this website, and it's available in Spanish and English. Next, please.

The other required material is Ten Important Questions to Ask your Home Inspector, and we have the user link to that particular document too, and it's available in English, it's not available in Spanish yet. Next, please.

So, let's look at the work plan requirements. The agency housing counseling work plan will need to be updated by adding the two additional topics, home ownership counseling, as described by Bill, and home inspection materials, that we're talking about now. OHC recommends agencies update their current work plans to include these two topics as soon as possible. But agencies will not be required to submit the updated work plan to HUD.

Now, I just want to mention that again, because this rule went into effect, we recommend that you update your work plan as soon as possible. But you do not have to send it to us at this time. HUD staff will review the agency work plan during a performance review for compliance and we

will also provide technical assistance if that time is necessary. Next slide, please.

Let's look at the home ownership counseling requirement. The agency's housing counseling work plan must explain how and when the agency will address all home ownership topics. Individual client files do not need to be documented. When we look at home inspection materials the agency housing counseling work plan must explain when and how home inspection materials will be provided to the home ownership counseling client. Individual client files, as well as group education files, need to be documented. Next slide, please.

Let's talk a little bit about the requirements and responsibilities for oversight agencies. As it relates to home ownership counseling and home inspection materials, what are oversight agencies' responsibilities? The agencies are required to provide home ownership counseling and when they're providing home ownership counseling they must address the entire process of home ownership and they must provide home inspection materials.

So, what the oversight agency has to do is they have to make sure that this is being done. Intermediary and state housing finance agencies are responsible for ensuring work plans with agencies, and their networks that provide home ownership counseling must address all of the home ownership topics and describe when home inspection materials will be provided. They must ensure that network agencies are documenting individual and group education files, and that home inspection materials were provided. HUD recommends that oversight agencies include these as elements of their quality control plan. Next, please.

We're going to spend a little bit of time talking about restrictions on grant funds that appear in the final rule. The final rule contains requirements related to misuse of grant funds that constitute a material violation and distribution of grant funds to individuals or entities convicted of election law violations. Next, please.

As it relates to material violations, if a housing counseling agency 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 funds. Next, please.

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, HUD handbooks, the HUD housing counseling program grant agreement, and other guidance. Next, please.

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. Now, this language is already in our documents, it's included in the comprehensive and training NOFA. HUD required a certification of compliance with this regulation in the 2016/2017 NOFA housing counseling program grant agreement. Next, please.

Well, I have to now turn the next part of the presentation over to Robin.

Thank you.

Robin

Thanks a lot, Phyllis. I appreciate that. Today I'm going to be speaking on becoming a HUD-certified housing counselor. So, what are the criteria for becoming a HUD-certified housing counselor? Basically, we only have two criteria: you must have passed the HUD certification exam and work for a participating agency. Once a counselor can demonstrate they have met these criteria, they will become certified by HUD.

When must agencies and counselors meet that certification requirement? Agencies must meet this requirement by the final compliance date. And just a note here, counselors can become certified prior to this date, and HUD strongly encourages you, once the exam becomes available, to take the exam. And there are lots of benefits to becoming a certified counselor as well as benefits to certification. Consumers will benefit from services provided by credentialed counselors, and certification elevates the professionalism of housing counseling, and also it creates an increased visibility and awareness of housing counseling services and the benefits that counselors provide.

So what is the counselor certification exam? You only have to pass the cert exam that covers six major topics, and you only have to pass it once, and there are no continuing education requirements outlined in the rule.

Counselors must work for an agency approved to participate in the housing counseling program and the employment will be verified through a federal system called FHA Connection, and it will be similar to the process that HECM counselors currently go through for their certification. Counselors can become certified as soon as the exam's available, and HUD will announce when the cert exam is available through a Federal Register notice.

And the six major topics of testing are: financial management, property maintenance, responsibilities of home ownership and tenancy, housing laws and requirements, housing affordability, and avoidance of rental and mortgage delinquency and eviction and mortgage default.

Counselors must register for and take the exam through our training and testing website, which is hudhousingcounselors.com proctoring service, and the cost is estimated to be \$100 to \$140. And it will be available in English and Spanish. And the test can be taken as many times until it takes for the counselor to pass, however, the counselor must pay a fee each time that they take the exam.

Some facts about certification. Counselors may become certified under more than one agency, and basically what this is referring to is that sometimes we have counselors that work for multiple agencies and that counselor would have a separate certification for each of the agencies that they work for. The certification status is no longer valid when a counselor no longer works for a participating agency. That certification can be reinstated if the counselor works for another participating agency.

Other agency staff may want to be considered becoming certified [audio disruption] and the agency may have a program manager that doesn't provide counseling services but may want to become certified and would be able to fill in for our counselors should they not be able to perform their duties. Once again, group education must be overseen by a certified housing counselor. And a certified housing counselor would not have to be present at an education session, but would need to have reviewed and approved the material and/or curriculum.

In regards to preparation for the exam, the training is not required in order to register for the exam or to take the exam, but we strongly encourage it. We do encourage using the free online training and downloadable study guide at our testing and training site, hudhousingcounselors.com. And

there are online and place-based classes that are available from our training NOFA grantees. A practice test will become available once we publish notice of the exam. Thank you. Next slide.

So, we have a knowledge check here. And the question is: Where do I register to take the certification exam when it becomes available?

Everybody will select all that apply, there are four choices there.

And we have 88% that responded hudhousingcounselors.com. And can we see the answer, please? And the answer would be hudhousingcounselors.com, that is the HUD training and testing website, and that's where registration for the exam will occur. But we do want to encourage people to look at our HUD Exchange account which is available regarding certification updates, and any other information regarding certification.

So, now I'd like to turn the presentation over to Lorraine.

Lorraine

Thank you very much, Robin. And I'm going to spend a couple of minutes talking about the other HUD programs. For those of you that

received this presentation in advance, Brianna Benner was supposed to cover this portion. Unfortunately, she was unable to join us today.

I'm going to, throughout the presentation, and especially in my section I had mentioned using the words "required under or in connection with other HUD programs," so we wanted to spend a couple of minutes explaining exactly what that terminology meant. Next slide, please.

So, again, here's those famous words: "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." And this requirement becomes effective on the final compliance date, which we have stated is 36 months after the certification examination becomes available. Well, what exactly does this mean? Let's look at the next slide.

There are approximately 25 other HUD programs that mention housing counseling, either it's a requirement, or a recommendation, or clients that want to receive services, or benefits, for example, down payment assistance that's provided by other HUD programs often will be required to have housing counseling. So, what this final rule says is that any

participant in any of the HUD programs that are covered under the final rule that provide housing counseling will now have to become part of HUD's housing counseling program or consider other alternatives. And like I said, there are 25 other HUD programs currently covered by this and when Kym Torres reviews the HUD Exchange she'll show you where you can actually find more information about these other programs. Next slide, please.

So, what are their options if someone is not currently in HUD's housing counseling program? And looking at the questions we did have someone that commented they provide housing counseling but they are not currently participating in HUD's housing counseling program, what does that mean for someone like you? And that means by the final compliance date, which is 36 months after the exam becomes available, you really have four options when it comes to your program management.

You can join HUD's housing counseling program, because, as Robin said, in order to have a HUD-certified housing counselor, the counselor has to pass the exam and work for a HUD-approved or HUD participating agency. So, you can join our program. You can also create partnerships with housing counseling agencies that are currently involved in HUD's

housing counseling program to have them deliver the counseling services on your behalf. Another option is just to stop providing counseling services, we certainly hope you don't choose this option, or otherwise modify the program to comply with this requirement.

So, those are the four options that agencies will face before the 36 months are up. And if any of you are participating in today's webinar, we certainly hope that you make some decisions well before that 36 month period, and we hope that you strongly consider applying to become part of our program. Next slide.

So, the second part to this requirement is, well, how does this impact agencies that are currently involved in our program? Well, we think that, first of all, intermediaries and state housing financing agencies that are oversight and run a network, you may actually see an increase in the number of agencies that will seek affiliation with your network. So, you might see some increased interest in that. And we're actually going to be launching the tool soon, and provide additional training once we get approval to do so, to provide you with some additional resources that will help you in screening new applicants.

There's also going to be opportunities for partnerships in your local communities. You may have entities that provide housing counseling and decide their best option is to seek partnership with a local agency. So, there may be new opportunities in your communities for that. And what we are doing right now is we're collaborating with the other HUD programs that are covered under this final rule, and we're making an effort to educate all the stakeholders involved so that they'll have ample time to decide what choice they should make and if they're interested in joining our program.

And with that, I am going to turn it over to Kym Torres, and she's going to provide you with everything you need to know and where to go get all the information, including our frequently asked questions. Kym?

Kym

Thank you so much, Lorraine. And now we're going to talk about, like Lorraine said, all of the resources that are available to you and your agency. But first let's do one last knowledge check. What is the final compliance date? Is it 36 months after the date the Federal Register notice on the exam is published; is it 36 months after the final rule is published; or, is it 36 months after the certification exam becomes available? So, go

ahead and please take an opportunity to respond to this last polling question.

Let's see how you did. Great. It looks like the majority of you got it right on, 36 months after the certification exam becomes available. Next slide, please.

So, just a reminder, the examination is not yet available. There will be a separate Federal Register notice publishing once the announcing start of the examination. Next slide, please.

So, now we're going to talk about the actual resources that are available to your agencies located on our HUD Exchange website, which is www.hudexchange.info/counseling. And I'm going to go ahead and share my screen with you now so we can actually show you where all this information is located. So, I'm going to talk about the links to the final rule, the frequently asked questions, the list of our HUD programs, and where you can find those practice tests once they become available.

So, here they are. This is our landing page, as I just discussed, about our hudexchange.info/counseling, this is what our normal page looks like.

And as you can see here at the upper top, we have our new certification requirement for the final rule. When you click on this hyperlink text here, what it's going to do is prompt you to our actual certification requirements for the final rule website. And what it does is it has an overview here at the top of our housing counseling certification, giving you an outline of what this rule is.

It also gives you the great provisions of the final rule and the timing that is associated with these various provisions, so, as you can see here in the middle, the certification requirement and the timing that's associated with that, the requirements for the agencies that provide home ownership counseling, requirements related to the distribution of our home inspection materials, agencies found to have been in misuse of our housing counseling program grant funds, the prohibition against distribution of funds to organizations convicted of violating our election laws.

At the bottom here you're going to see our resources updated, and this is a really great little page here that I really want everyone to bookmark on your web browser that is very handy. As updates come up they're going to be published here on our resource updates, and if you wanted to join our **LISTSERV**, if you're not already on that, this link here will get to how to

do that. Also, as Robin had indicated, once the testing and the study guides and all of that become available, that practice testing will be here on our HUD housing counseling training and testing for certification, so you'll be able to access that training here using this hyperlink.

Should you have any questions following this training or the FAQs that we're going to talk about next, you need a little more clarification, you can always send an email to our housing.counseling@hud.gov with the subject line Housing Counseling Certification Rule.

So, from this housing counseling landing page where you would go next if you want more information on our frequently asked questions, as Bill and Lorraine, and my fellow speakers have discussed with you, this frequently asked questions page here on the right, you're going to see me dragging my mouse here, what this is, is our actual frequently asked questions page. And also I want to just highlight quickly before I take you there is a PDF to all of our FAQs, which I highly, highly recommend that you take the opportunity to download, save it, print it, print a copy for your counselors and your colleagues.

So, when you click here on this link, frequently asked questions, it's going to take you to a really interactive web page. As you can see, these are all of our frequently asked questions. And here on the left you're going to notice under the topics the certification final rule, which includes really interactive dropdown menus which I feel are very helpful. You can see as you highlight over some of these various topics in the FAQ, it gives you a prompt for an additional dropdown menu, for instance, election laws, home inspection requirements, material violations, and allows you to quickly find the information to the question that you may be having. So, agency approval, you could click again on this dropdown menu and use the Select here, and then select Certification. Also, up here is a really good interactive FAQ key word search, which allows you to type in the key word to the question you may have.

So, again, this website is all our FAQs, but the PDF that I was referencing here on our housing counseling page, this one here, View as a PDF All FAQs, I went ahead and clicked that earlier, so here it is. And this is, as Bill had discussed, it's actually 54 pages, very, very informative, so I want you to take that opportunity to review this information. It also allows you to do a little search up here if you want to, again, find a key word within this PDF document.

So, again I just want to recommend that your agency take the time to review the FAQs, click on those topics in that Table of Contents, as we just reviewed. And there we encourage you to review all these FAQs and should you have any questions forward it over to your housing.counseling@hud.gov for more questions.

So, I'm going to go ahead and flip it back over to Jane, who will assist us with any further questions.

Lorraine

Jane, this is Lorraine. Before we review and give everyone a chance to ask questions, I'd like to go back to Bill and Phyllis. Bill, in reviewing what some folks had typed in in the chat box, there seemed to be some confusion that now agencies must provide all types of home ownership counseling, meaning pre-purchase, post-purchase, HECM, and mortgage default. Can you clarify?

William

Sure. I'll be glad to. Well, let's deal with a couple of subjects here. First of all, let's talk about the home ownership counseling requirement. And, let's back up a second, the requirement is that if you provide one type of home ownership counseling, and when I say home ownership counseling I mean one-on-one counseling, for example, pre-purchase one-on-one, post-

purchase non-default one-on-one, default one-on-one, if you provide one of those types of counseling, or other types of counseling that are within the definition of home ownership counseling, then the agency must be prepared to be able to cover the other home ownership topics that are relevant in each particular case. So, if you have a client that's getting one type of one-on-one counseling, the housing counseling work plan is going to have to show if the other home ownership topics are relevant to that particular client how the agency will cover it. So, that's the requirement there.

And the key is "relevant," so in some circumstances the other topics are going to be relevant and in other circumstances they're not on a case by case basis. But as a general theme the agency must be prepared to be able to present information to those clients if it's relevant to their clients. And that's what the work plan covers, so the work plan is going to say, look, here's how we're going to cover this topic if it's relevant, here's how we're going to cover that topic if it's relevant, so that's how it is with respect to the home ownership requirement.

With regards to the home inspection materials, we had a slide in which we said when must the clients be provided home inspection materials, and we

said a client is receiving pre-purchase home buying counseling, a client is attending a home buyer education workshop, and then we said when the purchase of a home is relevant to the client for other types of home ownership counseling. For example, post-purchase non-default, mortgage default, and HECM, when we said, for example, post-purchase non-default, those are examples of other types of home ownership counseling.

That doesn't mean that the purchase of a home is relevant for each of those other types of counseling, it depends on the individual circumstance. So, you might have one HECM client in which the purchase of a home is relevant, and if so, then they have to get home inspection materials. If it's not relevant, then of course they don't. If you have a post-purchase non-default client and the purchase of a home is relevant, as determined by the counsel and the client, then they're going to have to get home inspection materials. If it's not relevant, then they don't.

So, I want to make sure that that slide wasn't confusing for folks with respect to the home inspection materials. The key word is "relevant." In general the agency must show how and when they're going to be giving out these materials, or how they're going to cover these topics, or how they're going to provide the home inspection materials. But again, it's

only when it's relevant to the individual client. Handing out of home inspection materials is always going to be relevant if they're getting pre-purchase home buying counseling, it's always going to be relevant if the client is attending a home buyer education workshop, and it may be relevant for other types of home ownership counseling. Does that make sense?

Lorraine Yes. Thank you very much for clarifying. Do we have any questions on the telephone?

Moderator [Operator instructions].

Lorraine And while we're waiting for those callers to call in, I'm going to go through some of the questions we received in the chat box. One of the questions was: "What would we consider delinquent property tax counseling? Would that be allowed under HUD's housing counseling program, and would that possibly be eligible for grant funding?"

Bill, would you like to address that?

William That's a tough one. I'd have to think about that one.

Lorraine Okay. Delinquent property tax counseling, well, what is the consequence? If they don't pay their property taxes they could very well end up becoming delinquent on their mortgage, if, for example, their mortgage company has to pay those property taxes instead. But would you agree that would be a form of home ownership counseling?

William I would agree that would be a type of home ownership counseling, yes, it's within the definition—

Phyllis Yes, I think that it's particularly a requirement as it relates to HECM.

Lorraine Another question we have: "Are there other examples of home ownership counseling outside of the four that have been mentioned?"

William If there's a type of one-on-one counseling and it fits within the broad definition of home ownership counseling, then, yes, it would be considered to be home ownership counseling and the other topics would have to be covered. We provided the most common types of counseling that we put in our HCS system and agencies include and they say they give this kind of counseling, but there could be other types of counseling. If they fit within the definition of home ownership counseling, then, yes,

it's home ownership counseling. I can't think of any off the top of my head, but if I went into HCS and looked at the different types of ones out there that we have, then I'm sure there's a couple of other examples.

Lorraine Okay, great. Thank you. Terri, do we have anyone ready to phone in?

Moderator Yes. We'll go to the line of Cesar Escobar. Please go ahead.

Cesar Hi. Good afternoon. My question is the following. Since counselors are now going to be HUD-certified, or certified counselors, and essentially all the staff will be at that point, and it covers those six topic areas that we talked about, is there really any relevance anymore to going to those NeighborWorks trainings and us getting those certifications that say, "You are foreclosure counselor certified," or "You're pre-purchase home buyer education certified" since the home ownership counseling certificate we're going to receive for the certificate in here is going to pretty much cover all that and more?

Lorraine I'll actually answer that question, and that's an excellent question to ask. So, our HUD-certified housing counselor certification is designed to fulfill the requirements under Congressional legislation, it does not mean that

your counselors should stop seeking certifications from other programs.

Actually, we strongly encourage it. Our certification is designed to create and have your counselors demonstrate a basic knowledge in all six of the topic areas that Robin Penick went through during her portion of the presentation, it's not designed to make the counselors experts on these topics. That's what the NeighborWorks, National Council of La Raza, Rural Community Assistance Corporation, and NCRC, all are training [audio disruption] under our HUD housing counseling program. And we will ask them to continue to provide certification programs and encourage your counselors to seek those additional certifications.

I would liken it to our certification would be maybe a bachelor's degree, and going for those additional certifications would be getting a master's or a Ph.D., they're becoming experts in those topics. So, yes, please continue to have your counselors seek those additional certifications.

Cesar Thank you.

Lorraine Thank you.

Moderator Next we'll go to the line of Sonia Joiner. Please go ahead.

Sonia My question, first of all, I want to apologize because I was late tuning in.

But will the PowerPoint presentations be available?

Jane Yes. The PowerPoint, the audio replay number, and the transcript will be posted on the Training Archive on HUD Exchange, in about five to seven days you'll get a LISTSERV notice with that information.

Sonia Thank you so much. I appreciate that.

Jane You're welcome.

Moderator And next we will go to the line of Claudia Wilson Randall. Please go ahead.

Claudia I just wanted to say that the mortgage property tax delinquency could be considered under mortgage delinquency because in many cases the mortgage company ends up paying the property tax and then putting the home owner in default, or having them have an escrow shortage, that is how we've been dealing with it in our state and our agency. And I think it would be great if the folks at HUD could come out with some direct guidance on that because we certainly see rising incidences of that. So,

I'm just putting it out there, I know it was in the discussion earlier. Thank you.

Lorraine

Terrific. Thank you very much for sharing that with us. I would like to read a question from the chat box and ask Robin to consider answering it. There is a question that says: "Will the general HUD housing counseling certification provide the education needed to provide reverse mortgage counseling?" So, can you explain the relationship between the HECM roster requirements and the certification requirements?

Robin

Interesting, Lorraine, because I was just going to ask you to answer that one. But in general the housing counseling certification does not substitute for a HECM certification. So, if your agency is going to provide a reverse mortgage counselor you will have to have a counselor who is not only a generally certified counselor, but also a certified reverse mortgage counselor.

Lorraine

Thank you, Robin. And Robin is absolutely correct, the requirements for the HECM roster counselor requirements are not negated by this rule. As Robin said, when the 36 months, the final compliance date comes into effect, anyone that's on the HECM roster at that time will also have to

have passed the certification exam and be a HUD-certified housing counselor.

I have one more question before we go back to the phone lines. And that is: “Can home ownership topics such as pre-purchase or HECM be discussed in a group class instead of one-on-one?”

William

And the answer to that is yes, they can. As we indicated, in the work plan there’s a lot of flexibility in how you’re going to be able to cover the other topics, but if you have a client and it looks like one or the other home ownership topics are relevant to them, then you can have various ways of providing them information. Of course if it looks like a client really needs more in-depth one-on-one counseling and if your agency doesn’t provide that, then you can refer them to an agency that does. But in terms of the home ownership counseling requirement, your agency should be able to cover the other topics and your work plan will say how you do it, and it may be by providing group education, as you indicated in that question.

Lorraine

Thank you. Terri, do we want to go back to the phone lines?

Moderator Next, we'll take a question from the line of Renee Woodard. Please go ahead.

Renee Good afternoon. When do we expect the housing counseling exam to be available?

Lorraine We are saying in the spring, and I'm going to stick to that answer for now. I can't give a more definitive answer.

Moderator And next we'll go to the line of Jacqueline Atkins. Please go ahead.

Jacqueline Hi. We are affiliated with our HUD counseling agency here in the County of Bergen, which is their housing council of northern New Jersey. Now, we've been doing group education as well as workshops that touches on different topics for the home buyer. Now, I believe you answered this question as well, during those workshops does that also constitute as counseling as well?

Lorraine Bill or Phyllis, would you like to address that one?

William

I just want to say that, and maybe just to clarify something, a group education by definition is something that is different than what we consider to be housing counseling. Earlier on in the presentation Lorraine had explained that we have a definition for what housing counseling is, and really housing counseling is one-on-one counseling in which there has to be an action plan, and financial analysis, and follow up, and that sort of thing.

So, group education is something different. But that being said, when we say that if you have a client that's getting housing counseling that's considered to be a type of home ownership counseling, and I say getting housing counseling, they're getting one-on-one counseling, that's a kind of home ownership counseling, then the agency must be prepared to cover the other topics.

And one of the other ways they can cover it is by if they specify in their work plan, they can say, okay, we're going to cover it by providing group education. So, in that instance they're not providing housing counseling for that client because housing by its definition is a one-on-one, individualized action plan, financial analysis kind of thing. But that doesn't mean that they can't meet the home ownership, they must cover

the other topics, and covering the other topics can be done through a group education venue or mechanism. Does that make sense?

Jacqueline Yes. The group education that we give, it's an eight hour class and we give it in two consecutive days.

William Understood.

Jacqueline And we do have additional workshops that are geared towards maintaining your home and delinquencies for mortgages and that sort of thing as well.

William And that's wonderful. And that's an excellent mechanism for providing the kind of awareness and education that I think was intended by the home ownership counseling requirement.

Jacqueline Okay. Great. Thank you.

Lorraine Hi. Before we go to the next caller, we did receive some comments in the chat box that some pages were missing from the PowerPoint. Jane, where can they get the complete PowerPoint?

- Jane When we send the link to the Training Archive it will have the full PowerPoint with the knowledge checks and answers. So, that will be available in about five to seven days.
- Lorraine Okay. Excellent. Thank you. Can we take any more questions from the callers?
- Moderator Next we'll go to the line of Angela Plonkos. Please go ahead.
- Angela Hello.
- Lorraine Hi.
- Angela Hi. Thank you. My question is, we are in a municipality which offers only landlord/tenant rental counseling, and we were wondering if our counselors would still need to be certified, since we don't follow exactly under the definition of housing counselors, but we are HUD funded.
- Lorraine Now, let me ask, when you say you are HUD funded, are you currently participating in HUD's housing counseling program, or are you receiving HUD funding from other HUD programs?

Angela We're funded through CDBG funding.

Lorraine Okay. If you're providing rental counseling and it definitely fits the criteria of how we describe housing counseling, how Bill just mentioned, you're providing intake, you're providing financial analysis, and you are also preparing an action plan, then you may very well be covered by this final rule. What I recommend you do is go to the website that Kym Torres showed us and demonstrated, and we do have within the certification page other HUD programs' information, and you can see if your program is on that.

Also, I wanted to mention to everybody that is involved in CPD-related programs that we're going to have a webinar specifically to CPD grantees on February 6th. You can go on to CPD's home page on the HUD Exchange and it has a link for you to register, and it's going to talk a little bit more in detail about programs that will be covered. So, that would be a good opportunity for you to verify if the program you're working in would require HUD approval and HUD-certified housing counselors.

William Yes. And I just want to add, for any agencies that are out there that are providing services related to other HUD programs, we did everything we

could and worked with all of the other HUD programs to come up with specific FAQs dealing with each one of the programs and trying to target as to whether certain things are or are not covered by the rule. So, I highly recommend that if you have a program related to PIH, or related to CPD, or other HUD programs, that you take a look at those FAQs.

And if the FAQs don't answer your question, then, please, send a question to housing.counseling@hud.gov. We have folks that are experts in each particular area that will try to answer your question, and if they can't they will consult with the experts in each particular program area. So, we have that resource available for you to help answer specific questions as to what the rule means for you.

Angela Okay. Thank you very much.

Lorraine Thank you. How about our next caller?

Moderator Next we'll go to the line of Shamoon Masih. Please go ahead.

Shamoon I was going to ask you guys, is this housing counseling certification going to affect the pay scale or the salary package for the counselors as well?

Lorraine That's a question that we really can't answer. We would hope that this is one of the positive outcomes out of certification, but we can't dictate changes in salary because of the certification. But an excellent question.

Shamoon Thank you.

Lorraine Thank you. I would like to ask Phyllis a question that came in on our chat box. And the question is: "Can we satisfy the home inspection material by providing the link to the documents on our website?"

Phyllis I would say that providing the link on your website would be good. But I would think that you would want to make sure that every client had at least some document that led them to the materials, if you gave them the paper, or you gave them a link on the application, or somehow that personalized it. I would think that that would be a way of showing compliance.

Lorraine Great. Thank you. One more question from the chat box before we go back to the phone line. Someone asked if there was an estimated time on having the Ten Questions to Ask your Home Inspector posted in Spanish. I just want to make folks aware that we are working on it. We're in

process of having the document translated, and hopefully it will be posted soon on espanol.hud.gov, and when that does occur we will send out a LISTSERV message to everyone. So, if you do not currently receive email messages from Jerrold Mayer, Kym Torres showed you in her demonstration how you can sign up for messages, so please feel free to do so.

Let's go back to the telephone.

Moderator [Operator instructions]. And we'll go to the line of Kevin Davis. Please go ahead.

Kevin Hi. Good afternoon. My question is, if you are a consultant for a HUD-certified agency, because you're not an employee but you're a consultant, can you take the HUD-certified test to comply for that agency?

Lorraine Robin, would you like to address that?

Robin Yes. The exam can be taken by anyone. In order to get the certification you will need to have passed the exam and work for a HUD participating agency.

Kevin Yes, I understand that. But I'm just saying, I won't be an employee I'll be a consultant, so does that matter?

William Well, I will just say that that may be a gray area. It depends what you mean by consultant. And we have an FAQ having to deal with what "works for" means. For instance, if you have a housing counselor maybe that, let's say, volunteers for a particular agency but they're under the control of the agency and are therefore working for it in that sense, if they're providing housing counseling for that particular agency then they would be considered working for that agency.

Now, in your particular circumstances, I wouldn't know, it would depend on the particular circumstances whether you're providing housing counseling, and we do have rules with respect to what can be contracted out or not, so I don't know that I can answer that without having more specific information on it. But we do have some information, again, in the FAQs about what "working for" means in terms of the ability to get certified. But if you want some further detailed analysis of that you can send it to housing.counseling@hud.gov and we'll take a look at it and maybe ask you for some more specifics.

Kevin I appreciate it.

William So, I would say it depends.

Kevin Okay. Alright. I've got it. I appreciate it. Thank you.

Moderator Next we'll go to the line of Oscar Morales. Please go ahead.

Oscar So, if the agency I currently work for is not a HUD-approved agency, may I go ahead and take the test? I think I heard you may go ahead and take the test but you're not certified until the agency is HUD-approved. Is that correct?

William Yes. Well, the bottom line is that anyone can take the examination, but we will have a mechanism by which the agency will verify that an individual works for them, and that is the mechanism through which certification would occur. So, in order to be certified the agency has to verify that an individual works for them. But, again, anyone can take the test.

Oscar Thank you.

Lorraine Thank you. Terri, how many more questions do we have on the telephone?

Moderator We have one more.

Lorraine Okay. Great. Let's take this last question.

Moderator Alright. And it comes from the line of Veronica Villasenor. Please go ahead.

Veronica Hi. Thanks for the call. I have three questions. The first one is in regard to the home inspection materials. Just to make sure, are we required to provide this information to, for example, our foreclosure clients, rental clients, even when it's not applicable? That's number one.

Number two, are the housing counseling agencies going to be able to receive some type of work plan template, or any guide on how to improve or make those changes on the work plan?

And number three, our agency doesn't do HECM and are we still required to include that in our work plan, and how would that look like?

Lorraine I think those are all Bill questions to answer.

Veronica I'm sorry?

Lorraine Bill, did you want to address those questions?

William I'm sorry. I was talking on mute. I didn't catch the first one, but let me answer it in reverse order and then we'll get back to the first one.

So, you said your agency doesn't provide HECM counseling but must you still be able to cover HECM, in other words put it on the work plan and list it, and how you would cover it. And the answer to that is we're requiring that the agency must address the other types of counseling, so we're not requiring that the agency provide housing counseling on the other topics.

So, there are different means by which you can provide, if there was a certain type of counseling that was occurring, for instance, let's say we had an individual that was getting post-purchase non-default counseling and it's determined that a reverse mortgage is something that looks like it might be good for them, maybe they have equity in the property and

maybe they have a lot of expenses, they're having difficulty paying their HOA fees and they have limited income but they have a lot of equity in the property, well, in that kind of instance maybe the council would determine that a HECM is something that might be good for that client. Well, at that moment in time when they determine that it's relevant, then the agency is required to cover, address that topic. Does that mean that the agency has to provide reverse mortgage counseling? No.

So, there are two things that happened. First of all, the agency and the work plan would have to say how they would address it. Well, maybe they'd get, as we said, if not in education classes maybe they would provide links and handouts and reference materials for a client that's interested in a HECM. And beyond that, I would say that on top of having to provide some general information about a reverse mortgage, if it really looks like a reverse mortgage was the way to go for a particular client, then I would recommend that they also do a referral to a HUD-approved counseling agency that provides reverse mortgage counsel.

But to get to the core of your question, yes, they have to address it in their work plan, but again we're not requiring that they provide one-on-one

counseling in that area. They just have to have other alternative means of covering it, of addressing it. So, that was the third question.

The second had to do with whether we would provide examples of work plans. And, yes, we're planning on updating our model work plan, we have a toolkit on the web and we're in the process of updating that, so that should be available soon.

The only thing I missed was what the first question was.

Veronica

The first question I wanted more clarification on is if I have a client that is not home buying, like foreclosure or rental counseling, if we are required to give out that information to the client and document it in every single client's file even if it's not applicable?

William

Good question, and I'm glad you asked that. So, two things, let's talk about the home ownership counseling requirement. Yes, you would, in the plan, have to show how you're going to cover it. So, if you had a pre-purchase client you would have to say, okay, here's how we would cover these other topics if they were relevant to a client. And for a pre-purchase client they would be relevant.

But with respect to documentation, we're not asking that you document the case file as to how you did that. Your documentation, your proof of the home ownership counseling requirement is going to be your work plan, and of course we expect that you signed that work plan and you're going to be carrying out that work plan. In other words, when you have a client and it's determined that these other topics are relevant, then you're going to be following what your work plan says to address these other topics. But we're not asking that the counselor write in the notes, we don't want to create any burden with respect to that.

Now, that has to do with the home ownership counseling requirement. As Phyllis talked about, it's different with respect to documentation having to do with home inspection materials. If the purchase of a home is something that's determined to be relevant and the counseling is going in that direction, then the case file does have to be documented that they were given the home inspection materials, as contrasted with the home ownership counseling requirement. Okay?

Veronica

Okay. Thank you for that answer.

William

Thank you.

Lorraine

Thank you very much, Bill. I had two additional questions I want to answer from the chat box before we conclude today. One of the questions was: "Can grant funds be used to pay for the certification examination?" And I will answer, and, Bill, you can add if you would like to, that in the 2016/2017 grant agreement that we had we did include that as an eligible expense.

Another question that we had relating to certification is: "What happens when you retake the test, are you going to be required to pay the full fee?" And the answer is yes, every time that you retake the exam you will have to pay the \$100 or \$140 fee.

And that concludes our presentation today. We want to thank everybody for your participation. This is especially helpful to us in trying to determine what additional information we need to provide for you. And as Jane said at the beginning of the broadcast, we will be sending everyone out a survey, and it would be extremely helpful if you would let us know what additional training you would find useful concerning the certification rule, would you like more training on the home ownership counseling requirement and the home inspection especially, because if you feel that's an area that you would like more information, please let us know.

At this time we want to thank very much all the instructors for today, and also thank you very much, our AT&T operator, Terri. Have a good afternoon, everybody. And, speakers, we're going to go back into the speaker room.